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contribution to the affairs of men.*



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NORTH STAR REINSURANCE
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Ocean Marine

90 JOHN ST., NEW YORK 38

THURSDAY, NOVEMBER 8, 1951



PHOTOGRAPH BY SARRA

Dad Gets a Royal Welcome Every Night

It's great to have dad home, safely, night after night. He is one of the millions who work in factories with top-notch safety records. His family may not know it, but insurance companies helped establish such records.

Accident prevention programs, designed and supervised by trained insurance com-

pany safety engineers in cooperation with plant safety directors, head off accidents *before they can happen.*

Insurance Agents and Brokers are contributing to America's all-out production drive, and to the welfare of workers and their families, by cooperating in plant safety campaigns.

{ This is a reproduction of a poster (19" x 25") prepared for Producers. We will be glad to send you a free copy for your office wall or window. Please address your request to American-Associated Insurance Companies, Saint Louis 2, Mo. }

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A. E. C. Endorsed by Nebraska Agents at Annual Meeting

**G. Ben Joyce of Lincoln
Elected President; New
Attendance Record Set**

More than 450, setting a new record, attended the annual meeting of Nebraska Assn. of Insurance Agents at Omaha. There were 335 registrations and about 125 office employees attended the policy-writing school conducted by Western Underwriters Assn. and Nebraska Fire Underwriters Assn. Friday afternoon.

G. Ben Joyce of Ben Joyce Associates, Lincoln, was elected president. Arthur W. Pinkerton of Fell & Pinkerton Co., Omaha, outgoing president, automatically becomes chairman of the executive committee. John G. Elliott, Scottsbluff, was named 1st vice-president; Robert M. Byrne, president, Omaha Insurance Agency, 2nd vice-president and state national director, and Charles D. Sayre, Stuart Investment Co., Lincoln, secretary. Richard C. Allgood of Lincoln is executive secretary.

Resolution Endorses A.E.C.

Among the five resolutions presented was an endorsement by the association of the additional extended coverage endorsement. Companies were praised for their foresightedness in providing a broadening of the dwelling policy in the direction of an all-risks coverage, but the resolution stated that there are some features of the A.E.C. which are "not desirable" and urged the companies to check with agents before making any further changes on the present form.

A second resolution requested both fire and casualty jurisdictional agencies to clear through the association before major changes were made, and "brief" agents on changes in forms and rates, in order that the agent would be able to explain them to his assured in a logical and satisfactory manner.

Another proposed the setting up by "executive act" of the governor of Nebraska of a fact-finding committee to study the causes and possible remedies for the "terrifying losses in property and life" through traffic accidents.

Other resolutions pledged the Nebraska association to the civil defense program and praised the excellent work of Dr. Curtis M. Elliott, professor of insurance at University of Nebraska.

Distinguished Service Awards

Eleven distinguished service awards were presented at the banquet. The recipients were: James D. Fenimore, Scottsbluff, for his work on public relations, particularly civil defense, business development and the speakers' bureau; Paul Toombs, Omaha, for leadership in safety promotion; Merlin R. Garey, Edison, for community leadership through publication of a newspaper for the citizens of his town and surrounding countryside, and his help to farmers in his area; Claus Freberg, Lyons, for outstanding community safety work; Clyde F. Coy, Lincoln, for service to the city of Lincoln by improvements in the writing of public business there; Albert F. Blackburn, Grand Island, for the development of educational programs; Robert M. Byrne, Omaha, for his work in liaison with companies and jurisdictional agencies;

MASS. AGENTS

Compulsory Auto Gives All a Fit, Multiplies Problems

BOSTON—To get a realistic notion of what compulsory automobile insurance does to an entire business and an entire state, the observer would find it profitable to spend a few days in Massachusetts at about the time the new auto liability rates are to be issued. Massachusetts Assn. of Insurance Agents held its annual convention here at this point in history last week. Much of the agents' discussion dealt with problems of handling the automobile line which compulsory has multiplied grievously.

But all over Boston there was an attitude of breathless waiting for the insurance department to fire its pistol so that the race against time—to get in registrations, find insurance coverage, and complete a number of other details—could start. Agents were putting aside other considerations for the next few weeks, or rushing to clear desks for the year end gallop.

No P.D.L.

In one office a telephone conversation ended like this: We couldn't do anything about the creamed fender, the other driver didn't have property damage liability coverage.

Even Commissioner Sullivan, who spoke briefly at the agents' banquet, plaintively noted the unenviable position in which he found himself on rates, with 1,250,000 eyes turned in his direction. The commissioner is the villain in the piece, he commented. There is an atmosphere of distrust and suspicion connected with the promulgation of the rates, as if a great calamity were about to descend on Massachusetts motorists. And this occurs every year. He said he had no fears and a clear conscience, but indicated that this was an experience with which he was wholly unfamiliar and that had some very unusual aspects.

This year's promulgation is perhaps a little different, at least in intensity of interest, than it would be in a normal year, if there were a normal year under compulsory. The conversation of agents indicated that some casualty companies are waiting for the rates to make a final decision as to whether they will write automobile in Massachusetts next year at all. If the increase is about the 20% asked, they will stay; if not, they will go. Some are cutting commitments for 1952 up to 50%, or by dollar volume, and many others are watching underwriting more closely.

State Fund Bills
Two or three legislators are said to be carrying state fund bills around in their pockets, ready to pop them into the legislative hopper if the new rates are much higher and even resort to injunction to stop the new ones. The commissioner is said to be waiting till the legislature adjourns before firing the signal gun.

This is an odd atmosphere in which to conduct a business; many agents wonder if it hasn't deteriorated into something less and something a good deal worse than almost any other business.

New Officers
New officers of the association are Frederick J. England, Cambridge, president; G. Frank Lord, Great Barrington, and Robert G. Dowling, Hyannis, vice-presidents, and Arthur B. Fair, Natick, state national director, the last reelected.

The new constitution calls for a board of directors and regional vice-presidents are eliminated. Directors elected are
(CONTINUED ON PAGE 12)

Richard E. Stephens, Grand Island, for his leadership as president of the Grand Island chamber of commerce, through traffic engineering improvements; Lee Clarke, York, for association membership development; Herbert R. Walt, Lincoln, for service as state national director and inter-industry cooperation through the association's speakers' bureau; G. Ben Joyce, Lincoln, for his work in legislation for the past three years.

J. G. Elliott, president of the Scottsbluff association, received a leather brief case as first prize in the local board attendance contest, with 75% of the members of the Scottsbluff board registered for the convention.

Speeches Well Received

There was a record attendance at all speaking sessions. Ed Thron, Jr., manager at Omaha office of Fidelity & Deposit, spoke on bond production in his talk, "You Can't Do Business from an Empty Wagon." Chester Kellogg, vice-president of Alfred M. Best Co., spoke on "Analysis of Financial Statements," and James R. McWilliams, assistant secretary of National Bureau of Casualty Underwriters, on "Casualty Trends."

The luncheon speaker Friday was Henry W. Nichols, general counsel of National Surety. He forewent an insurance topic in favor of discussion of problems that face the nation today. He termed it unfortunate that interest in public affairs has decreased to it present dangerously low point because more so than ever it is necessary that people take part in affairs of their community, state and nation. If interest is not built up,

he said, the major problems of communism, inflation, crime, and lack of quality in government could ruin the nation. Though past mistakes have been costly, Mr. Nichols opined that the future can be bright if the American people will earnestly strive to make it so.

The afternoon session was given over to changes in the fire field. Clarence H. Metzner, assistant manager of Western Underwriters Assn., covered recent changes in fire forms, following which he held a "policywriters school," showing the manner of filling out the new open-top, one-write fire policy. This two-hour session was one of the most popular of the convention, and was attended by more than 400, with abundant audience participation.

Host at the traditional cocktail party was National American Fire of Omaha. Midstate Fire Underwriters, Omaha general agents, presented a large colored picture of an old-type fire engine racing to a fire. Henry Wendt, Western Adjustment, Omaha, won the picture.

The early bird breakfast for farm and small town agents attracted 75. Benton A. Sifford, assistant manager of Fireman's Fund, Chicago, spoke on the farmer's comprehensive liability policy.

The Sparlin Cup, presented by the National association for signal service to the American agency system and won by Nebraska in 1948 and in 1951, was on display throughout the convention.

President Pinkerton in his report spoke of certain "storm flags" which were out, and called on agents to support their association as the only agency which was set up to look out for their good, in the days that are ahead.

Separate Treatment of Excess Reinsurance Urged on N.A.I.C.

**John Diemand, Jr., Idea
Given at Chicago, Sliding
Scale Contracts Discussed**

A proposal to give separate treatment to excess reinsurance in the annual statement blank and a plea that the penalty now being imposed on unearned premiums under sliding scale contracts be eliminated or radically revised were the big topics at the meeting of the N.A.I.C. subcommittee on reinsurance this week. The group met at the Illinois State Office building at Chicago with Bernard Stone of Nebraska in charge and Commissioners Cheek of North Carolina and Maloney of California attending, together with William Bruce, chief California examiner. There were 30 company executives on hand.

The separate treatment of excess reinsurance was urged by John A. Diemand, Jr., reinsurance secretary of North America. Mr. Diemand, who has espoused this proposal for several months, Monday morning unveiled his idea in full. In a prepared paper he urged that excess of loss reinsurance be treated as a separate class in the annual statement and in the expense exhibit, and that a special loss reserve fund be set up for this class of business.

The widespread writing of excess of loss reinsurance is relatively new in this country, Mr. Diemand said. Until recent years, reinsurance of this type was written almost exclusively abroad, principally by Lloyds, and few, if any, underwriters in the United States entered the field.

American Market Growing

Today, however, an American market for excess of loss reinsurance has been created and is growing. Dozens of companies are engaged in this class of business, and North America is the principal stock company underwriting excess of loss in the U. S. market. "We find ourselves confronted with new problems of recording, reporting and treatment," Mr. Diemand said. "First of all, under existing regulations, we must break down our excess of loss reinsurance business into the various lines of business presently appearing in the annual statements. This can be done—with difficulty—but the results, at best, are arbitrary."

The erratic experience in this class of business suggests the wisdom of setting aside in years of plenty funds for the payment of loss in the years of disaster, Mr. Diemand commented. At the present, reserves, if any, on this class are established in a hit or miss fashion at the sole discretion of the reinsurer.

Details Reasons for Segregation

Mr. Diemand gave four reasons why excess reinsurance should be segregated. He gave the example of two companies of equal financial strength, each writing \$10 million of premiums annually. The first company, however, writes \$1 million of excess of loss reinsurance premiums while the second writes none. The first company is actually much more vulnerable to a large loss, such as the 1950 windstorm, although an examination of its annual statement, as presently

(CONTINUED ON PAGE 14)

Uniform Accounting Hearing Skirts \$64 Questions

Should Procedures Be Uniform? Relationship of Rates and U.A.

The two-day hearing of the N.A.I.C. uniform accounting subcommittee headed by James Higgins of New York, faced up to some of the key questions that are involved in this undertaking without, however, developing the groundwork for as many rules of procedure as Mr. Higgins would have liked.

Mr. Higgins kept pressing at every opportunity for a consensus on a rule that could be recommended in connection with the various items on the agenda. Usually, however, the "industry" people recoiled from rules that would exact the highest degree of uniformity and that would produce what they regarded as unrealistic results.

There were several \$64 questions. One of the most important had to do with how best to relate expenses to the various lines of insurance — whether by premium volume, by time studies or by some other procedure.

Kuenkler Gives Views

Arthur Kuenkler of U. S. F. & G. said that a great deal of benefit can be derived by a company from engaging in time studies. For instance, one of the important facts disclosed by such studies is that in a compensation and liability department, a far greater amount of time is consumed in dealing with liability matters than the proportion of such premiums to those of the whole department would indicate. Especially demanding on time are property damage liability risks.

Mr. Higgins wanted to know whether two companies that engage in different procedures to determine the incidence of expenses should be expected to come up with the same answers. Mr. Kuenkler vouchsafed that if a company gives a lot of thought to the study, makes it intelligently and can justify what it has done in a rational way, then the procedure that it follows should be acceptable and its answer should not be appreciably different from those of another company that follows a different procedure but proceeds with equal intelligence.

Chorus of "Noes"

Mr. Higgins then asked whether if a rule of allocation is proved to be valid for one company, it should not be required for all companies. There was a chorus of "noes" to this, from the "industry" benches.

Mr. Higgins asked whether the states should take whatever a company has done — use of judgment, time study or premium volume. He went on to voice the opinion that not only the results but the methods should be uniform.

Mr. Higgins pursued a line of inquiry that adduced from Mr. Kuenkler an expression of belief that wherever term studies can be applied to advantage, he likes to have at least a sampling of time studies.

Mr. Higgins then asked whether the state should not require time studies wherever this is a suitable procedure.

Mr. Higgins, however, let it be known that he is contemptuous of time studies that are not closely supervised and in which the employees are merely asked to fill out a blank saying how they use their time. Many employees do this with a hit and a lick. Mr. Higgins said that some companies are hipped on time

studies, others on premium volume. What we have got to have, he said, is uniformity.

"Even though it gives you the wrong answer?" Mr. Kuenkler asked rhetorically.

J. B. Clancy of Royal-Liverpool observed that there is a great variation between companies and between lines and that the size of the risk and the premium has a great bearing on the cost.

Mr. Higgins kept pressing, however, for an admission that wherever possible expenses should be distributed on the basis of time studies.

He tried another tack, asking whether it is wrong to use premium volume as a basis for distribution.

G. M. Pruitt of General Accident said the aim is to try to find out what the expense is to the dollar of loss so as to get a loading for the rate. To get the same loading for all lines is not in accord with the facts. Mr. Pruitt is quite a classical scholar and he gave Mr. Higgins the analogy of Procrustes, he being the Attican who adjusted his victims to the size of his bed by stretching or snipping as the case might be. That is, he insisted that all visitors fit his bed exactly. That is what would happen by the use of premium volume in these premises, Mr. Pruitt declared.

Like Convoy System

Making companies all do it one way, he declared, is like the convoy system in war, the fastest ship has to cut down to the speed of the slowest one.

Time studies, he went on to say, are preferred where they can be used.

If a company makes some other approach and is not able to justify it, then he said N.A.I.C. might very well ask for time studies for corroborative purposes.

Mr. Pruitt declared that there should be no apology for the use of judgment. At times this is by far the best test. In a totalitarian society uniform thinking is imposed. In this country we say that a combination of all the judgment in the country is much the best. It is not a matter of uniformity of treatment, it is a matter of uniformity of truth, he declared.

Mr. Higgins asked whether Mr. Pruitt would say that the premium volume method should never be used if a situation is susceptible to adequate time study.

Mr. Pruitt agreed that he likes time studies where applicable. Mr. Pruitt went on to volunteer that the major differences in cost are not in underwriting cost. They come in what he called the "millwork."

Judgment, he went on to say, is the accumulation of a mass of information that cannot be gauged statistically because of the limitation of our abilities. Judgment comes very close usually to the time study basis.

Mr. Kuenkler in affirmation of that, said that U. S. F. & G. asked nine experienced claim men to give an analysis of their time. At the same time U.S.F.&G. conducted a time study. The judgment of the nine men was so close to the results of the time study that U.S.F.&G. felt confident in proceeding with the judgment procedure.

Mr. Pruitt said that a time study is particularly appropriate in decidedly repetitive procedures. Such a sampling, however, is virtually useless on executives. It is better there to use enlightened judgment.

Getting Around to Uniformity

Mr. Higgins came back to his point of reference, saying "We can't go on accepting very long whatever is done. We have to get around to uniformity."

At the same time Mr. Higgins said that if industry insists on the use of time studies this will be very expensive.

Mr. Pruitt declared that these are not open or shut matters. Uniform accounting is a progressive thing. Remarkable strides have been made in developing accurate costs. For instance, it was worthwhile to find that general liability is much more expensive to handle than was thought. Because some of the companies are lagging in their analyses is no reason for them to be yanked up precipitately, he declared. Any kind of regimentation will not produce the truth.

Robert Clinton of American Mutual Liability said the use of "raw time" studies gives such close control that it gives a girl no time to turn around, much less to do other things that are more vital. He said the requirement should not be made so rigid as to cause industry to lose sympathy with the whole program.

A period of assimilation is needed—a time to refine and revise the present methods. He counselled perfecting the

(CONTINUED ON PAGE 10)

New York Hearing On N.A.U.A. Filing Gets Underway

NEW YORK—The important hearing at the New York department on its disagreement with National Automobile Underwriters Assn. over a rate filing got underway here Wednesday.

The chief issue is the use by N.A.U.A. of a 50/50 formula, the 50% for expenses and profits excluding allocated claim expense.

The department thinks the allocated claim expense should be included, and the division something like 54.5 for losses and expenses, and 45.5 for other expenses and profit.

Thwing, Perry Are Now V.P.s of P. W.

Providence Washington has advanced James R. Thwing and Walter Perry, Jr., to vice-presidents.

Mr. Thwing joined Providence Washington group in 1948 as manager of the combined claims department and has been secretary of the companies since 1949. He is a graduate of the University of Minnesota law school and was with St. Paul F. & M. prior to joining the Providence Washington.

Mr. Perry has been with the company since 1950 and is in charge of investments.

Announcement is also made of the appointment of Secretary Thomas B. Ogburn, Jr., to head the agency department. Mr. Ogburn, prior to joining Providence Washington was with North America.

Guaranteed Commission on Finance Line Vanishes

Those following developments in the auto finance business say that the market for guaranteed commission insurance has just about completely evaporated. This is due to the inability of the insurers to get approval for auto physical damage rates coupled with a worsening of the loss record in that line. Such business that is cast loose is finding its way into the so-called retroactive field. The latter type of insurers say that they can manage to live with a loss ratio as bad as 86, which, of course, is ruinous to an insurer paying a guaranteed commission.

There will be a conference next week at Chicago of companies writing this retrospective business, during the convention there of American Finance Conference.

There has not been much of a change in the principal markets for this business although a number of local insurers have sprung up, usually on the part of an auto dealer with a sizable volume of premiums simply to hold on to a portion of their own risk and try to capture a greater proportion of the profit.

Merge Fla. Rating Work

The work of the rating division of the Florida department which has heretofore been divided into fire and casualty, is being consolidated and as filings are made they will be considered by Deputies Elmore, Davis and Rountree, assisted by the examiners, preparatory to making recommendations to and advising Commissioner Larson.

Charles G. Kupfer Retires

After more than 43 years with North British, Charles G. Kupfer, supervisor improved risks department, has retired. He was appointed in 1903 but was employed elsewhere in 1907 and 1908.

Following an informal luncheon with J. L. Magenheimer, assistant U. S. manager, as host, Mr. Kupfer was presented an inscribed wrist watch from home office friends.



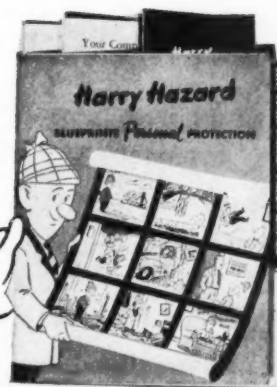
Seated at the left is Robert E. Battles, insurance department manager of R. A. Rowan & Co. of Los Angeles, new president of California Assn. of Insurance Agents, having his caricature drawn at the California convention at the booth maintained at the meeting by Fireman's Fund. Leland S. Gregory, left, from the home office, looks on with Leonard T. Backus, southern California manager, while the artist touches up the drawing.



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COMMERCIAL
SURVEY KIT**



**HARRY HAZARD'S
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HERE ARE THE client-tested tools with which agents of *The American Insurance Group* are successfully selling complete insurance protection for the homes, businesses and industry of America. They are selling Accounts of Insurance . . . not individual policies.



The American Insurance Co.

Bankers Indemnity Insurance Co.

The Columbia Fire Insurance Co.

The Jersey Fire Underwriters

1950 Estimates of E. C. Loss in East 50% Under Actual

Allied Lines Assn. has issued to member companies a supplement to its bulletin containing extended coverage and windstorm experience for 1950 and preceding years. This calls attention to the fact that a large portion of the losses arising from the great eastern storm of November, 1951, failed to get into companies' figures as reported at last December 31. Claims reported after Dec. 31, will, of course, be treated as 1951 losses. This should be taken into consideration in any use to which the exhibits might be put, the association emphasizes.

Research indicates that for one of the largest states subject to the last November storm, losses reported subsequent to the end of the year and up to June 30 caused an increase of more than 50% in the 1950 incurred loss figure as reported by companies at Dec. 31. It is presumed that there was a comparable delay in reporting losses for all states affected by that storm. Consequently, the association points out that it seems logical to use an increase factor for the Dec. 31 incurred loss figure of at least 50% in arriving at a more accurate appraisal of the 1950 loss ratio for eastern territory.

Western Adjustment Makes Three Changes at Chicago

Western Adjustment has made three changes in the Chicago and Cook county offices. Frederick C. Reynolds, general adjuster at Detroit, has been named general adjuster at the Chicago loop branch; Vern W. Stevens, adjuster at Aurora, has been appointed manager at Waukegan, and Thomas J.

Horan, staff adjuster at Minneapolis, has been transferred to the Chicago inland marine department.

Mr. Reynolds was assistant general adjuster at the head office of National Union before going with Western Adjustment as inland marine supervisor and general adjuster at St. Louis before going to Detroit.

Mr. Stevens started with Western in 1940 and has had service at Jackson, Mich., and Cleveland. After service in the army he was at Vincennes, Ind., before going to Aurora.

Mr. Horan had extensive marine experience in New York before going into the army. After leaving the service he joined Western in 1947 at Muncie, Ind.

Georgia, Florida, Alabama Handbook for '51 Off Press

The new 1951 Underwriters Handbook for Georgia, Florida, and Alabama has just been published by the National Underwriter Co. It provides complete and up-to-date information on all the agencies, companies, field men, general agents, groups and other organizations affiliated with insurance in these three states.

Fire premiums and losses for two years, casualty premiums and losses by lines for one year and life insurance paid for and in force are presented by companies for each state separately in a special statistical section. Copies may be obtained immediately from the National Underwriter Co. at 420 East 4th street, Cincinnati 2, O. Price is \$12 per copy.

Arthur's Base Is Waterloo

In the issue reporting the annual meeting at Chicago of National Assn. of Mutual Insurance Agents it was erroneously stated that H. O. Arthur, elected a vice-president, has his agency at Oelwein, Iowa. Mr. Arthur's home city is Waterloo and he has been in business there for 31 years.

Frank Sullivan in Chicago Talk Takes Up Current Issues

Frank Sullivan of Kansas, president of National Assn. of Insurance Commissioners, drew a capacity attendance of representative insurance people in his appearance Monday before a luncheon gathering of the insurance membership group of Union League Club of Chicago.



W. S. Whitford (left), president of Millers National; Frank Sullivan, Kansas commissioner and president of N.A.I.C., and Roy L. Davis, midwest manager of Assn. of Casualty & Surety Companies.

Photo by Harry H. Fuller.

This was the first meeting of the season for this group, the chairman of which is Roy L. Davis of Assn. of Casualty & Surety Companies.

Mr. Sullivan was introduced by W. S. Whitford, president of Millers National, who is a Kansas emigre. One of the visitors was George E. Turner, who now resides at Newcastle, Ind. Mr. Sullivan touched on a number of the questions of the day. He voiced the belief that federal trade commission is determined to get hold of an increasing measure of insurance supervision, but that presently it is handicapped by lack of funds. He held that the purpose of public law 15 is to keep insurance supervision planted in the states and does not give FTC the power to determine the quality of state supervision. He said FTC has been trying to answer questions on individual claim payments that have come its way, some by reference from Congressmen. He said men were being sent out from Washington to investigate individual claims. "This," Mr. Sullivan said, "seems silly to me."

Mr. Sullivan said he believed that the scope of the central office of N.A.I.C. at Chicago needs to be determined more exactly and if a service office is desired that can give real clearing house service, then some system will have to be devised to finance its operation.

Among others at the head table were Hugh Tollack, assistant secretary of N.A.I.C.; E. J. Dirksen, assistant insurance director of Illinois; Newell Johnson of American Mutual Alliance; Walter Sheldon, vice-president of N.A.I.A.; A. L. Kirkpatrick, manager of the insurance department of U. S. Chamber of Commerce; W. Russell Arrington, vice-president of Combined and chairman of the Illinois house judiciary committee.

What Agents Should Know of SS, for Selves, Others

BOSTON—Social security for agents was discussed before the Massachusetts Assn. of Insurance Agents convention here by Miss Angela C. O'Brien, manager Boston field office of the Social Security Administration. Miss O'Brien, who has a background of casualty company experience, gave a very clear and intelligent exposition of the application of social security to self-employed. She urged agents to understand the revised social security measure so that they can properly inform their clients, particularly the great many that fall in the non-farm, self-employed class.

Of the 10 million added to the social security rolls by the 1950 amendments, 4½ million are non-farm, self-employed. A recent spot check showed that 40% of those now coming under the bill for

the first time do not know that they are covered, she said. Of those checked 77% did not know what their benefits were or how they were to pay the tax. She noted that non-profit employers may or may not elect to come under the act, but that hospitals and many schools have elected to do so.

As to insurance agents and brokers, on retirement at 65 renewals do not count, but if the producer secures new business, the renewal commissions and commissions on new business are lumped together in figuring against the \$50 a month maximum the producer can earn before the SS benefits are prohibited. The theory here is that substantial services are not rendered on renewals but are on new business. There may be questions arise in this connection, she said, which would require examination of the particular case.

Interestingly enough, when the producer gets to be 75, he can work and earn any amount of money and still receive his social security. One agent noted that her mother, 75, is her partner. Miss O'Brien said that if she pays taxes for six quarters, on the basis of net earnings out of the partnership, she then goes on social security and can continue working. The agent who continues to work after 65, up to 75, continues to pay the tax in that period.

Preliminary Outline of I. E. A. Flood Damage Survey Is Completed

The engineering firm of Parsons, Brinckerhoff, Hall & Macdonald of New York has completed a preliminary outline of the proposed flood damage survey. This has been approved by the appropriate committees of Insurance Executives Assn. and the engineers have now been authorized to proceed with their task of providing technical assistance in the study of flood damage which is now being made by the association. It is expected that the completed engineering findings will be available within three or four months.

Grain Dealers Names Derby

Fred A. Derby, president of Derby Grain Co., Topeka, has been elected chairman of Grain Dealers Mutual of Indianapolis to succeed the late P. E. Goodrich. He has been director since 1920. He is past president of Kansas Grain Dealers Assn. and Grain Dealers National Assn.

Harold B. Tharp, vice-president of Fletcher Trust Co., Indianapolis, has been elected a director.

Mo. Cities to Cooperate

MARSHALL, MO. — Seven cities in this section of Missouri have formed a fire protection association under which each is to help the other fight big fires or other disasters. The cities are Booneville, Slater, Higginsville, Marshall, Carrollton, Sedalia and Sweet Springs.

FIRE MANAGER

This man is Travelers trained. He has had 15 years of company and agency experience both in underwriting and field work. He can manage the fire department of an agency or the branch office of a company. Very likable. Has lots of ability. Refer to #960.

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\$3,500 State

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\$3,500 Rise for Bay State Commissioner

The Massachusetts senate has now agreed to the house proposal to increase the salary of the insurance commissioner from \$8,500 to \$12,000. The Republican leaders in the senate previously had held out for only a \$1,500 increase, but eight Republicans bolted to vote with the Democrats and carried the day. One of the eight was Edward C. Stone, former head of the U. S. operations of Employers Liability.

Senator Powers of South Boston, the Democratic floor leader, urged the senate to accept the \$3,500 increase. He said the insurance commissioner position is one of the most important in the state and he observed that the commissioner now receives only \$20 a year more than his deputy. Senator Miles of Brockton, a Republican, declared that Dennis Sullivan, the incumbent, "had absolutely no experience for the job."

In previous legislatures the salaries of practically all cabinet officers were substantially increased, but the insurance commissioner's salary was not improved. That was when C. F. J. Harrington, who is now executive vice-president of National Assn. of Casualty & Surety Agents, was the commissioner. Senator Innes, Republican floor leader, recalled that Mr. Harrington had been denied an increase to \$10,000 by the Democratic house a year ago. "I believe that bill was killed," he said, "because Harrington was not pliable. It would be political justice if the present incumbent had to wait until next year to receive any more than \$1,500."

Mass. Brokers Choose Hitchcock as President

Insurance Brokers Assn. of Massachusetts at its annual meeting at Boston elected Fred H. Hitchcock, Waltham, president succeeding Harriman A. Reardon, Boston, who has served in that position for three terms.

Merlin J. Ladd and Herbert L. Gove were renamed vice-presidents and Lawrence B. Damon was elected a vice-president. The new treasurer is Charles H. Weeber, Jr.

N. E. Mutual Agents' Card

The program of Mutual Insurance Agents Assn. of New England, which will hold its annual convention in Boston Nov. 7-8, has been completed. Courtney Worthington will discuss farm scheduling, there will be a period on old and new office methods, the New England 1752 Club will conduct its business meeting. The first evening Mutual Fire Insurance Assn. of New England, the company group, will hold a reception, followed by the annual agents' dinner.

The second day will open with a film on selling the personal property floater. The panel discussion on fire has participating, Walter Power, John J. McGuire, Mauritz W. Palmer, and the one on casualty — Milton Wettenstien, Alfred G. Morse and John J. Clark.

George Williamson, Merchants Mutual, will discuss automobile insurance trends. Robert M. Morrison, Boston lawyer, will discuss legal liability beyond and within the policies.

Q. & A. Session in D. C.

WASHINGTON — District of Columbia Assn. of Insurance Agents is set Thursday for a question and answer session with officials of the D. C. Rating Bureau on the new fire handbook. Two hours are allotted for officials to answer questions previously submitted in writing.

OK Additional Premium

WASHINGTON — The Prince Georges County (Md.) commissioners, by a 4 to 1 vote authorized payment of \$7,600 to A. R. Keir, Hyattsville, Md.,

agent, as premium on a policy covering county vehicles.

Appearing before the commissioners Mr. Keir denied a report that his bill was \$600 higher than his original bid of \$7,000. After that bid was submitted, he said, additional vehicles were included under the coverage, thus accounting for higher premium.

Mr. Keir also denied he was a member of the commissioners' insurance committee, although three commissioners had stated he was.

Commission Chairman Thomas E.

Latimer, who cast the lone dissenting vote on the Keir contract, said Mr. Keir was not a member of the insurance committee. Commissioner Daniel A. Abbott, however, said he thought such a committee existed, with Keir and others members. He said he had planned to move to abolish the committee.

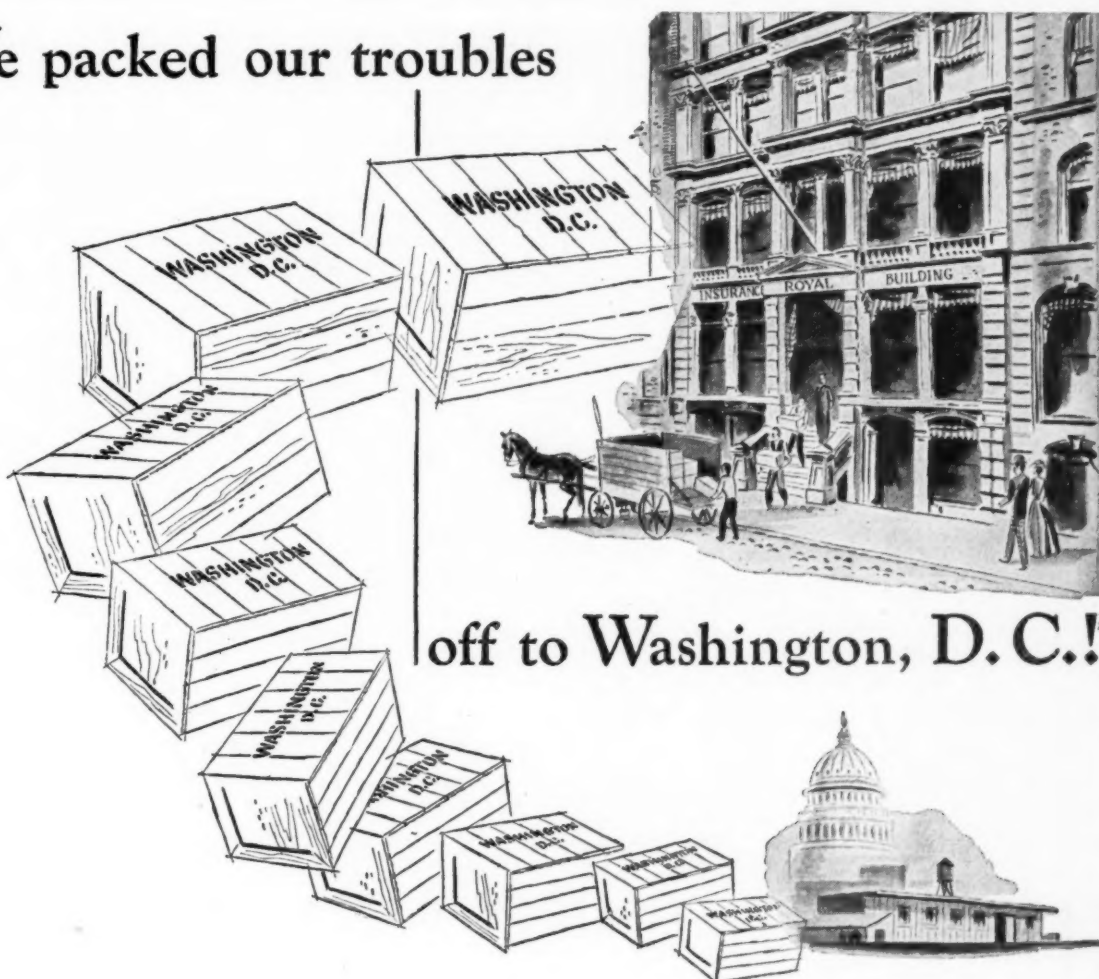
Wilson, Crandall to Speak

Jerry Wilson, assistant superintendent of the underwriting department of Aetna Casualty, will speak on "The Greatest

Value in the Casualty Business," and W. H. Crandall, special agent of Aetna Fire, on "Additional Extended Coverage Endorsement," at a meeting of Associated Insurance Agents & Brokers of St. Louis, the night of Nov. 8.

Bruce Hoblitzel, Louisville local agent, has been awarded the 1951 distinguished leadership award of Louisville Advertising Club. He has been especially active in charitable civic causes.

We packed our troubles



Back in 1907 there was a "newfangled," time-and-drudgery-saving invention... the Hollerith System of Sorting and Tabulating Machines, manufactured in Washington, D. C.

An employee in the Royal's New York Office had a good idea. Why not use these electrically-operated machines to sort, group and tabulate our statistical data... and so speed up computations and eliminate the drudgery of a dull task? Our employee went to Washington, practically pleaded for the machines and, finally, in an attempt to sway the inventor created the first insurance punch card. It didn't get us the machines.

Goodhearted Herman Hollerith came up with a suggestion: if Royal would punch the cards in the New York Office and ship them to his factory in Washington, then he, personally, would do the sorting and tabulating. Royal accepted this fine suggestion. Before too much time had passed the inventor saw fit to supply us with the rest of the equipment.

We're proud of this unusual example of cooperation between an inventor and an industry—as we are equally pleased to be the first Fire insurance company in the United States to use the forerunner of the present International Electric Accounting Machine.



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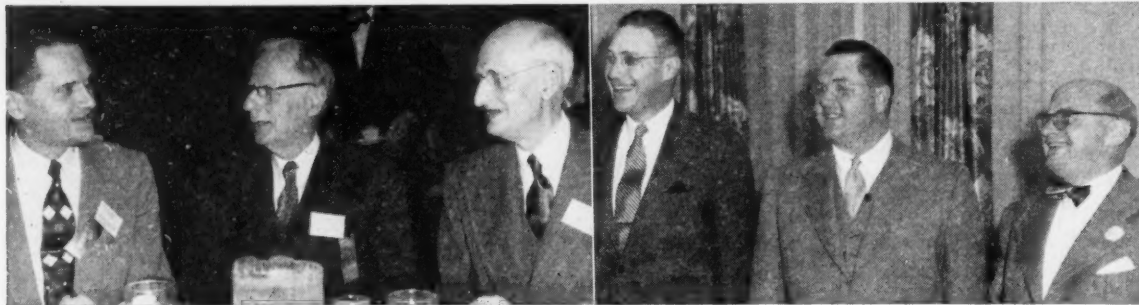
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The Smiths at Massachusetts agents' meeting—Graham, Brockton, retiring president; Fred R. Haverhill, past president, whose father, John, founded that agency, and Albert G., Brockton, all agents, and the latter two the only twins at the convention; Frederick J. England, Cambridge, new Massachusetts agents' president; Robert G. Dowling, Hyannis, second vice-president and G. Frank Lord, Great Barrington, first vice-president.

Bank Insurance Buyers Have Interesting Agenda

J. D. Erskine, executive secretary of Insurance Executives Assn., will speak on insurance subjects of current interest at the November meeting of Savings Bank Insurance Forum of New York State.

At the October meeting, George E. Rogers, insurance manager of Robert Gair Co., discussed the National Insurance Buyers Assn. F. G. Baker, Manhattan Savings Bank, disclosed that the committee on insurance of the National Assn. of Savings Banks will discuss at a future meeting the advisability of the banks coming out with a war damage insurance plan. That committee is planning to compile complete statistics on bankers blanket bond coverages. A study also is being made of various mortgage clauses in use.

Mr. Baker indicated that the extended coverage endorsement will apply in event of damage caused by government aircraft not on war missions.

Mr. Baker urged the forum make a study of the valued policy laws of all states since they vary widely in important details and little or nothing is known of them by many banks now lending on a national basis. He said that an FHA supplement to the manual used by the insurance buyers of the banks would be of great service. He also strongly urged effort to bring about uniformity in methods used to obtain change of ownership and mortgage en-

dorsements. A revision of the methods used in analysis of insurance carriers is needed, he said. There should be a new concept of acceptability of carriers.

"Norbrit Guards" Elect

The "Norbrit Guards," 25-year service organization of North British, at its annual meeting at New York, elected W. R. Haviland as president to succeed Thomas J. Hunter on Jan. 1. The new vice-president is R. E. Minard; secretary, Mrs. Antoinette McElroy; treasurer, Mrs. Edna V. McQueen. Named to the executive committee were Raymond O. Meyer and William J. Traynor.

In his report Mr. Hunter said the membership is now 210, a gain of 16 for the year.

Gulf Enlarges Quarters

An increase in personnel of Gulf occasioned by increased business has necessitated the remodeling of a building located in the rear of the Dallas home office and previously used as living quarters. The printing department will be moved to the new location and the home office area thus vacated will be rearranged and redecorated for occupancy by the mailing department.

Also, an additional 11,100 square feet directly across Dickenson street from the home office building, has been purchased. A brick building fronting this property will be used for storage of supplies and records. The rear will be paved for use as added parking space.

C. of C. May Do Turn About on War Damage Thinking

WASHINGTON — Possible reconsideration by U. S. Chamber of Commerce of its position regarding war damage legislation is presented as result of exploratory thinking and action in which the chamber's insurance department is participating.

The matter is understood to have gone so far as exchange of correspondence between that department and representatives of certain segments of the insurance business. Reported contemplated is appointment of a special insurance subcommittee, or a special committee, of the chamber to review the war damage problem, with a view to making recommendations to the full insurance committee or other chamber committee or department as to what the chamber's position should be.

At least one segment of the business has made nominations to this special group. The plan contemplated reportedly calls for nominations from casualty, fire, life and group interests.

Several months ago the chamber's governmental affairs department wrote Senator Frear's banking subcommittee opposing the budget bureau's bill for an over-all war damage program including property, life, liability, bodily injury, unemployment, workmen's compensation, loss of income, life and rehabilitation coverage.

While that represented the official chamber position at the time, it's understood the insurance committee wants to take another look at the problem. Representatives of the business say the insurance committee could pull the rug from under the governmental affairs department.

Before the latter's letter, the chamber's insurance department had made appearance before Congressional committees supporting a limited government war damage program, with the business co-operating, in general along the lines of the last war's war damage corporation.

New Insurance Cartoon Book

"Slightly Underwritten," a book of insurance cartoons edited by Thomas L. Stix, Sr., and Jr., has been released by Simon & Schuster for \$1.50. Contained are such rare items as the arsonist setting his home on fire with his fire policy, and the prospect who wants no more life insurance because his beneficiary went home to mother.

Altogether it is a neat little volume featuring such well known cartoonists as James Thurber, Gardner Rea, Chon Day, Fred Neher and others.

Turkey Storm Losses Light

ST. PAUL — Heavy marketing of turkeys in October cut down considerably the losses in the blizzard that swept the north central and mountain states the first week in November. Improved shelter protected many flocks still held, so that losses were nowhere near comparable to those in the early November storms in 1940 and 1943.

Farm Owners Mutual of St. Paul, one of the large turkey underwriters, came through the season with a favorable

experience, officials reported after much of its liability went off Oct. 30. Some extensions were applied for and granted.

Cal. Agents Praise Advance Notice Plan of National Bureau on Auto Rates

California Assn. of Insurance Agents in a closing session of its annual meeting at Los Angeles last week adopted a resolution praising National Bureau of Casualty Underwriters for its action in releasing to agents and to the press complete and adequate information on the recent auto rate increases. The agents urged that other rating organizations consider adoption of similar procedures whenever general rate changes are to be made.

The group also took action to condemn the modification of commission agreements by the companies without securing the consent of the agents.

Robert E. Dawson, secretary, was advanced to vice-president at the closing session. Robert E. Battles of Los Angeles was advanced to president to succeed Lorin K. Carroll of Chicago. Laurence Canfield, Santa Cruz, was elected secretary-treasurer.

Mr. Dawson, who has operated his agency at Pasadena since 1927, has also served two years as a director of the California association.

Subrogation Suit in Mich.

Five insurers have joined Saginaw Processing & Supply Co. in bringing suit in federal court at Bay City, Mich., against LaSalle Coca Cola Bottling Co. of Bay City, a Delaware corporation on the ground that a defective drink vending machine caused a \$96,000 fire at the Saginaw processing plant last April. The companies paid \$46,000 on the loss. The suit asks \$110,000 damages, plus costs.

Fire department officials reported the probable cause of the fire as being defective wiring in the vending machine. The insurers joining in the suit are Centennial, Girard F. & M., Queen, American Equitable and Buffalo.

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Hays Says Independents Furnish True Leadership

Walter L. Hays, president of American Fire & Casualty, in his N.A.I.I. presidential address, said the association is invaluable and indispensable to the welfare of independent companies. New forms and kinds of insurance, improved methods and the progress of insurance have originated with the independent companies, he claimed. These are the ones that dare to step out and do things differently—pioneer new and untried methods. They have kept the other companies on their toes and brought progress to the business, he declared.

N.A.I.I. is the largest organization from standpoint of number of companies and the aim should be to make it the biggest organization in volume of business. The insurance business needs new leadership, he said, which is endowed with the principles of free enterprise and free competition.

The first obligation of insurance company officials is to keep the company solvent and then to give satisfactory service to policyholders and, lastly, to give a fair return for stockholders' investment.

Outlines Auto Situation

In the automobile field, he said, the commissioners and those in the business are trying to solve the uninsured motorist problem with some plan that will not bring about the impossible burden that would be inflicted by compulsory insurance or state insurance. Also being scrutinized is the theory that every application to the assigned risk plan must be insured regardless of its nature. The way to reduce the number of insured motorists is to get the agents to carry their share of the burden and realize their responsibility. This would be the free enterprise way.

The problem of safety cannot be solved by the insurance business alone. The main responsibility is on the automobile license bureaus. They should keep the unfit from driving.

Mr. Hays recommended that N. A. I. I. adopt a resolution advocating an increase in the excess limits table. Unless this is done, many automobile insurers will have their primary limits premiums penalized by their reinsurance treaties.

Reinsurers Are Blue

The Wednesday morning session started off on the bluest of blue notes with six casualty reinsurance men engaging in a panel discussion of the subject "How Lousy Can It Get?" The consensus was that the casualty reinsurance business is strictly for the birds.

Then A. L. Kirkpatrick, insurance manager of U. S. Chamber of Commerce, gave a talk on the Washington scene and John A. Appleman delivered a paper "Extraordinary Liabilities of Insurance Companies."

Luncheon speaker was Roger "Bow Tie" Kenny, insurance editor of U. S. Investor and impassioned orator of the insurance circuit. "These Trying Days for Independent Insurers" was his topic.

That afternoon came the election of officers and other association business.

2 Metropolitan Clerks in \$25,000 Embezzlement

Two home office clerks of Metropolitan Life are being held in bails of \$1,500 in New York felony court charged with embezzling \$25,000 from the company during the past three years.

An assistant district attorney said the men had access to files of lapsed and long matured policies and compiled from them a list of persons who had money due from the company but could not be located. The clerks submitted forged claims, intercepted the checks, and cashed them, according to the prosecutor's office.

The defendants are Eugene J. Carroll, 38, who has been with the com-

pany for 20 years, and Richard Wilson, 36, who has been employed for 15 years.

The peculations were uncovered when the holder of a long dormant policy claimed his money. Company records showed that the claim had already been made and settled. Then came the investigation.

Hooper-Holmes Ups Collins

Warren E. Collins has become a vice-president of Hooper-Holmes Bureau. Now supervisor, he will continue in

charge of the eastern division comprising West Virginia, Pennsylvania, New Jersey and the metropolitan area of New York City.

He joined the bureau in 1924 as an inspector at New York and served as chief inspector, assistant manager and manager of New York. He became supervisor in charge of the eastern division in 1946.

Pay Raise Held Legal

The Michigan attorney general's department has ruled that a salary increase

voted by the legislature to members of the workmen's compensation commission is legal. The constitution provides that salaries may not be increased during the terms of office of state officials. They will now draw \$9,000 per year instead of \$7,500.

Okla. Hearing Nov. 28

Oklahoma insurance board has set Nov. 28 as the date for a hearing on the average 10.1% workmen's compensation rate increase proposal of National Council on Compensation Insurance.



That worried look belongs to an insurance man who just didn't find the time to complete and deliver his comprehensive survey to an unfortunate insured. And there is good cause for worry—even the incompleter survey showed glaring flaws in his client's band of protection. Limits under the basic fire policy should have been hiked to match today's inflated values. There should have been business interruption coverage to help offset disrupted income and continuing fixed expenses...but it's too late now to have these and other corrections down in black and white.

An intelligent survey measuring coverages against all possible exposure is a producer's sharpest sales tool. Wisely used, it is a sure-fire way to preserve existing business and secure new accounts. Time-tried recommendations on the preparation and use of surveys are presented in the Fireman's Fund IDEA INDEX for November. Mailed monthly to all of our producers, the IDEA INDEX has been so successful in building their business that we are now making it available to any agent or broker, whether or not you do business with us. Mail the coupon today for a copy of the November IDEA INDEX.

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Glass Gives Review of Situation in Europe

A new arrival at the head office of the American Foreign Insurance Assn., New York, is W. W. Glass, assistant general manager, who makes his headquarters in London. Mr. Glass has spent 25 of his 30 years with the association in foreign service.

He said the London market, center of worldwide insurance business, has strengthened its position since the end of hostilities in Europe. Fire insurance in the United Kingdom continues sound and satisfactory. In Belgium, the rating structure is giving cause for considerable concern; in Holland, business continues to be well conducted as always; in Germany, reconstruction is under way; and fire insurance shows signs of recovering from the troubles which have beset it since the end of the war; Italy continues to be a very

competitive market; in France, inflation is becoming severe, and it is perhaps doubtful that the favorable conditions of the last two or three years will continue; in Norway, Denmark, Sweden and Finland, the somewhat adverse results of post-war years seem to be steadily improving.

Mr. Glass will remain in New York until after the annual meeting of the association in December.

New Company in S. C.

South State Ins. Co. has been chartered in South Carolina with \$100,000 capital. It is authorized to write fire, casualty and marine. President is E. W. Shackelford.

Travelers Fire Shifts Three

W. G. Goldsmith, Philip J. Dubey, Jr., and L. G. Hutson have been transferred by Travelers Fire. Mr. Gold-

smith, assistant manager at Kansas City, Mo., has been appointed in the same capacity at Wichita; Mr. Dubey, assistant manager at Washington, has been appointed in the same capacity at Baltimore, and Mr. Hutson, field supervisor at Dallas, has been appointed in the same capacity at Lubbock, Tex.

Dean H. Enabnit has been named field supervisor at Des Moines.

Uncover \$200,000 Shortage at Pickford, Mich., Bank

Hartford Accident carried a \$10,000 bankers blanket bond on Bank of Pickford, Mich., which has closed its doors because of a shortage of about \$200,000, the result of "bad loans." The bank was one of the last 11 private banks in Michigan which the legislature now has ordered under state control.

It is understood the bank had assets exceeding \$1 million, but since it was a private bank depositors were not protected by federal insurance. The shortage was uncovered during an audit by state bank examiners. The body of Ford Beacom, president and principal stockholder, was found a short way from the city dead from a rifle wound. A nearby note expressed regret he was taking "a coward's way out" of the troubles resulting from "bad loans" made to others.

A spokesman for the bank's directors said the loss would be "small if any" and that many assets may turn up to cover outstanding mortgages and other loans. He said directors are hopeful depositors will not lose a penny.

R. J. Purcell Is Elected by N. Y. Surety Group

Richard J. Purcell, Columbia Casualty, was elected president of Surety Underwriters Assn. of the City of New York at the annual meeting held at the Lawyers Club. Tracy A. Clute, Globe Indemnity, was elected vice-president, and Michael A. Verdrose, Springfield F. & M., secretary-treasurer. Mr. Purcell succeeds Edward J. Gorman, Fidelity & Deposit.

Members of the executive committee are Edward D. Sadler, American Surety; James Hillas, Fidelity & Casualty; Frederick J. Kehrl, Hartford Accident; Donald F. Harned, Travelers Indemnity; and Messrs. Purcell, Clute and Gorman. J. B. Duke, New Amsterdam Casualty, a past president, presided ad interim during the election.

The nominating committee that drew up the slate comprised John P. Madigan, Maryland Casualty, chairman; P. L. Crafts, Home Indemnity, and Rankin Martin, Standard Accident.

Gets Casualty O.K. in Ga.

The Georgia department has extended Great Southern's license so that it can write casualty lines. Heretofore it wrote only fire and marine.

The company is expanding its operations and has applied for admission in South Carolina and Alabama. It recently increased capital from \$100,000 to \$200,000 and surplus from \$108,000 to \$208,000.

Withdraws Tax Case Appeal

The Supreme Court has dismissed on General Re's request a petition the company had made to it for review of a tax decision against it in a lower federal court.

Reinsurance taken by the company in 1944 and 1945 on risks in companies not admitted in New York was involved in the case.

New York requires a company reinsuring non-admitted insurers to maintain the same reserves for unearned premiums and unpaid losses that would be required if authorized insurance had been obtained. The company filed its returns on the basis that these required reserves were not available for corporate purposes and were not taxable until released.

Internal revenue bureau held, how-

ever, that the company should have posted larger amounts of reinsurance reserves, thereby offsetting unearned premium and loss reserves and increasing underwriting income.

The bureau said there were tax deficiencies of \$144,609 in 1944 and \$19,621 for 1945. A tax court wiped out the balances but the circuit court reversed it and reinstated them. The company was going to appeal to the Supreme Court but has now withdrawn.

Wortham Elected Chairman of Texas Advisory Assn.

Gus Wortham of American General was elected chairman of Texas Insurance Advisory Assn. at its meeting at New York. He succeeds B. F. Weaver of Royal-Liverpool. Gordon Kyle of Aetna Fire was elected vice-chairman.

Among topics discussed were some items on the agenda of the Texas board of commissioners hearing on fire insurance matters in Austin in January.

Argentine Leaders in U. S.

During a business trip to the United States and Europe, three directors of the Argentine Reinsurance Institute visited New York recently to confer with insurance men. The delegation included Dr. Enrique L. Carballeda, president, Dr. Luis F. Orcoven, general manager, and Dr. Jose Alocen, a director.

They represent the only institution in the Argentine authorized to operate in reinsurance. It is owned jointly by the government and private companies.

High Speaks at Boston

E. F. High, Columbus, O., president of National Assn. of Mutual Insurance Agents, in an address at Boston before the New England association, advocated an all-industry approach to major problems confronting the business.

Mr. High said every segment of the business should unite, warning that unanimity of approach to insurance problems that find their way to Washington is greatly lacking.

Bowersock Transferred

R. D. Bowersock, General Adjustment Bureau manager at Childress, Tex., has been appointed Paris, Tex., manager. He is succeeding W. K. McCurdy, deceased. Mr. Bowersock has been with the bureau since 1941 and was appointed Childress manager in 1947.

Eagle Ontario President

Fred Eagle of Hamilton has been elected president of Ontario Insurance Agents Assn. The association has decided to affiliate with Canadian Federation of Insurance Agents—but with a reservation agreement that if members are not satisfied with future developments, the affiliation will automatically be ended.

Brokers' "Town Hall" Forum

Greater New York Insurance Brokers' Assn. will hold a "Town Hall" forum Nov. 20 on the automobile insurance situation.

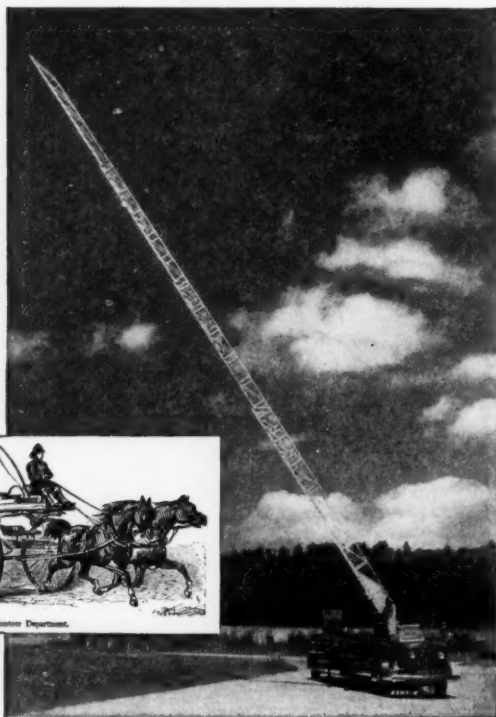
Speakers will be State Senator Seymour H. Halpern (R-Queens), chairman of the association; Alex Goldberger, Brooklyn broker and columnist for Insurance Advocate; Ray Murphy, general counsel for Assn. of Casualty & Surety Companies, and possibly a representative of the New York department.

Ky. State Bonds Written

Home Indemnity has issued a \$90,000 blanket bond covering employees of the Kentucky insurance department. Western Casualty & Surety has written the bond on employees of the state department of motor transportation.

Insurance Women of Blair County held its installation of officers at Altoona, Pa.

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Johnson Succeeds Eifler in Florida Assn. Post

Tom C. Johnson has been appointed executive secretary of Florida Assn. of Insurance Agents, filling the vacancy created by the death of A. C. Eifler. Mr. Johnson has been connected with the association since 1948, first as assistant secretary and for the last two years as director of public relations. The association does not contemplate any further appointments at the present time.

The public relations and membership committees recommended a concentrated membership campaign seeking quality rather than quantity and a continuation of the district meeting program inaugurated two years ago.

Accepting Applications for N.Y. Casualty Actuary Post

New York civil service commission will take applications until Dec. 1 for the position of chief casualty actuary in the insurance department rating bureau at its New York city office. The starting salary is \$10,174.

The vacancy was created recently when Arthur Bailey left to become assistant actuary of Lumbermens Mutual Casualty.

Minimum qualifications are five years of high level casualty actuarial experience and successful completion of seven examinations of Casualty Actuarial Society.

There will be no written test. Candidates will be rated on their training and experience. Applications will be mailed to all fellows and associates of the society. They may also be secured from the Albany office of the civil service commission or insurance department.

Rodiek Agency at 50th Year

The William Rodiek & Co. local agency of St. Louis on Oct. 28 celebrated its 50th anniversary at a party at the Sheraton hotel.

The agency was organized by the late William Rodiek, Sr., and upon his death in 1945 was continued by his son, William Rodiek, Jr., who is now president. Miss Sophia Rodiek, former vice-president, died in 1949. The present officers of the firm are William Rodiek, Jr., president; R. T. Rodiek, vice-president, and Fred A. Dickhaus, secretary-treasurer.

Morgan Port Huron Chief

Daniel L. Morgan, vice-president of Moore & Wright company agency, has been elected president of Port Huron (Mich.) Assn. of Insurance Agents. Vice-president, Jerry Kerber, and secretary-treasurer, George W. Hathaway. Mr. Morgan formerly was with Aetna Casualty and Surety as a field supervisor in personal insurance, becoming associated with the local agency in 1946.

The association approved, at the same meeting at which officers were named, payment of a \$1,000 gift to the Port Huron Hospital Fund, helping to defray the cost of a hospital building project.

New Blanket Club Officers

Seattle Blanket Club installed new officers at its employers night party Nov. 2. Robert McMurphy, McCollister & Co., is the new president;

Frank R. Middleton of Columbus, who has been elected vice-president of National Surety in charge of the new eastern department, has been with the company since 1924, starting as a clerk at Pittsburgh, and since 1933 has been state manager for Ohio.



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S. W. Minn. Group Elects

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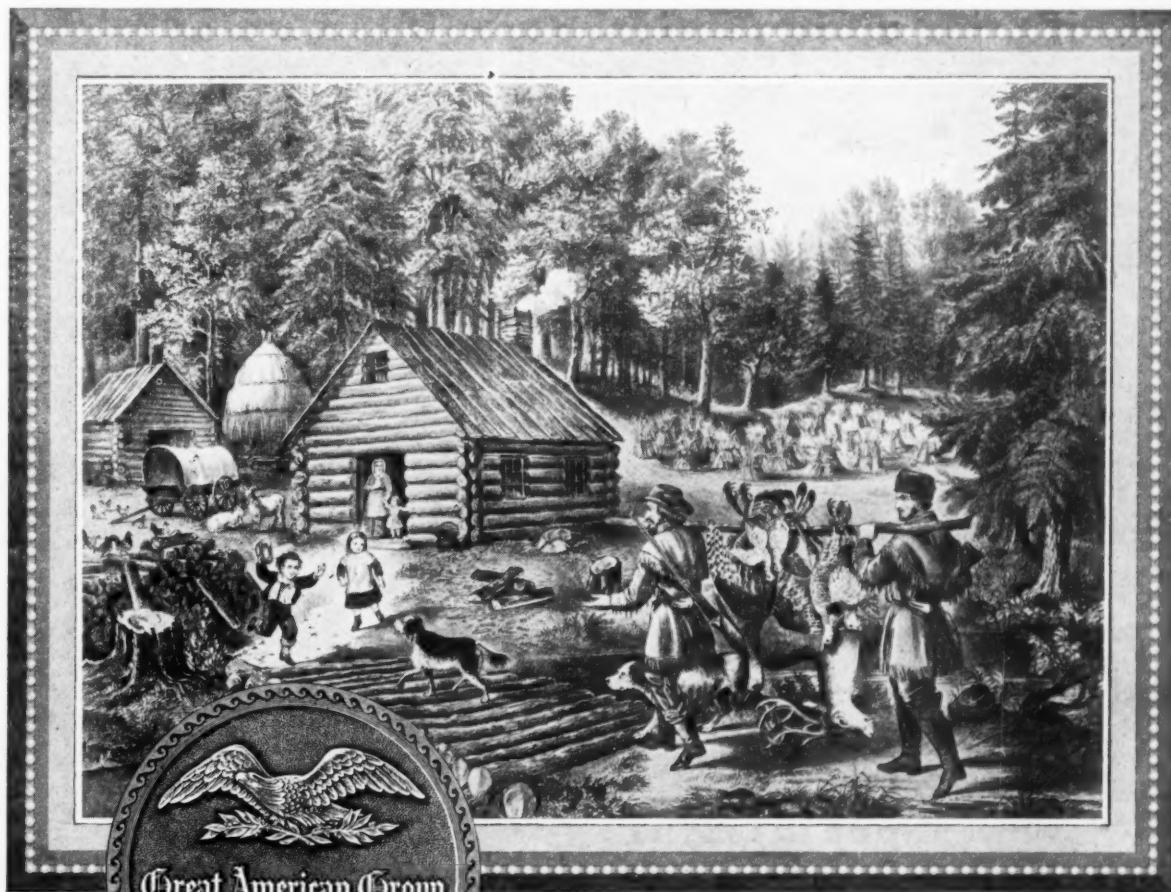
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N. Y., with William A. Turner as manager. Mr. Turner has been at Glens Falls for G.A.B. for two years operating out of the Albany office.

George A. Funck, examiner in the middle department of North British, was guest of honor at a department luncheon last week marking his 25th year with the company. R. T. Stewart, secretary, was host, and Mr. Funck was presented with a gift and inducted into the "Norbrit Guards."

An advertisement similar to this appears in SATURDAY EVENING POST, October 20 and in NEWSWEEK, October 29



"The American Pioneer's Home" . . . from a Currier and Ives Print of 1867.

Frontiers of Achievement

As the early pioneers steadily expanded the frontiers of the New World . . . so the defenses of their homes and their possessions had to be extended and strengthened.

Similarly today, as we expand our frontiers of achievement, so new dangers have to be met with sound insurance. The Great American Group of Insurance Companies has kept pace

with the growing insurance needs of our complex society for over 79 years . . . constantly pioneering new and broader techniques to meet the changing times.

Why not call one of Great American's 16,000 local agents, or your broker, to solve your insurance problems? You'll be pleased with the way Great American provides the answers.

Great American Group of Insurance Companies

WORLD-WIDE FACILITIES FOR PRACTICALLY

ALL FORMS OF INSURANCE EXCEPT LIFE

GREAT AMERICAN • AMERICAN ALLIANCE • AMERICAN NATIONAL • GREAT AMERICAN INDEMNITY
ROCHESTER AMERICAN • DETROIT FIRE & MARINE • MASSACHUSETTS FIRE & MARINE

Glass Gives Review of Situation in Europe

A new arrival at the head office of the American Foreign Insurance Assn., New York, is W. W. Glass, assistant general manager, who makes his headquarters in London. Mr. Glass has spent 25 of his 30 years with the association in foreign service.

He said the London market, center of worldwide insurance business, has strengthened its position since the end of hostilities in Europe. Fire insurance in the United Kingdom continues sound and satisfactory. In Belgium, the rating structure is giving cause for considerable concern; in Holland, business continues to be well conducted as always; in Germany, reconstruction is under way; and fire insurance shows signs of recovering from the troubles which have beset it since the end of the war; Italy continues to be a very

competitive market; in France, inflation is becoming severe, and it is perhaps doubtful that the favorable conditions of the last two or three years will continue; in Norway, Denmark, Sweden and Finland, the somewhat adverse results of post-war years seem to be steadily improving.

Mr. Glass will remain in New York until after the annual meeting of the association in December.

New Company in S. C.

South State Ins. Co. has been chartered in South Carolina with \$100,000 capital. It is authorized to write fire, casualty and marine. President is E. W. Shackelford.

Travelers Fire Shifts Three

W. G. Goldsmith, Philip J. Dubey, Jr., and L. G. Hutson have been transferred by Travelers Fire. Mr. Gold-

smith, assistant manager at Kansas City, Mo., has been appointed in the same capacity at Wichita; Mr. Dubey, assistant manager at Washington, has been appointed in the same capacity at Baltimore, and Mr. Hutson, field supervisor at Dallas, has been appointed in the same capacity at Lubbock, Tex.

Dean H. Enabnit has been named field supervisor at Des Moines.

Uncover \$200,000 Shortage at Pickford, Mich., Bank

Hartford Accident carried a \$10,000 bankers blanket bond on Bank of Pickford, Mich., which has closed its doors because of a shortage of about \$200,000, the result of "bad loans." The bank was one of the last 11 private banks in Michigan which the legislature now has ordered under state control.

It is understood the bank had assets exceeding \$1 million, but since it was a private bank depositors were not protected by federal insurance. The shortage was uncovered during an audit by state bank examiners. The body of Ford Beacom, president and principal stockholder, was found a short way from the city dead from a rifle wound. A nearby note expressed regret he was taking "a coward's way out" of the troubles resulting from "bad loans" made to others.

A spokesman for the bank's directors said the loss would be "small if any" and that many assets may turn up to cover outstanding mortgages and other loans. He said directors are hopeful depositors will not lose a penny.

R. J. Purcell Is Elected by N. Y. Surety Group

Richard J. Purcell, Columbia Casualty, was elected president of Surety Underwriters Assn. of the City of New York at the annual meeting held at the Lawyers Club. Tracy A. Clute, Globe Indemnity, was elected vice-president, and Michael A. Verdross, Springfield F. & M., secretary-treasurer. Mr. Purcell succeeds Edward J. Gorman, Fidelity & Deposit.

Members of the executive committee are Edward D. Sadler, American Surety; James Hillas, Fidelity & Casualty; Frederick J. Kehrli, Hartford Accident; Donald F. Harned, Travelers Indemnity; and Messrs. Purcell, Clute and Gorman. J. B. Duke, New Amsterdam Casualty, a past president, presided ad interim during the election.

The nominating committee that drew up the slate comprised John P. Madigan, Maryland Casualty, chairman; P. L. Crafts, Home Indemnity, and Rankin Martin, Standard Accident.

Gets Casualty O.K. in Ga.

The Georgia department has extended Great Southern's license so that it can write casualty lines. Heretofore it wrote only fire and marine.

The company is expanding its operations and has applied for admission in South Carolina and Alabama. It recently increased capital from \$100,000 to \$200,000 and surplus from \$108,000 to \$208,000.

Withdraws Tax Case Appeal

The Supreme Court has dismissed on General Re's request a petition the company had made to it for review of a tax decision against it in a lower federal court.

Reinsurance taken by the company in 1944 and 1945 on risks in companies not admitted in New York was involved in the case.

New York requires a company reinsuring non-admitted insurers to maintain the same reserves for unearned premiums and unpaid losses that would be required if authorized insurance had been obtained. The company filed its returns on the basis that these required reserves were not available for corporate purposes and were not taxable until released.

Internal revenue bureau held, how-

ever, that the company should have posted larger amounts of reinsurance reserves, thereby offsetting unearned premium and loss reserves and increasing underwriting income.

The bureau said there were tax deficiencies of \$144,609 in 1944 and \$19,621 for 1945. A tax court wiped out the balances but the circuit court reversed it and reinstated them. The company was going to appeal to the Supreme Court but has now withdrawn.

Wortham Elected Chairman of Texas Advisory Assn.

Gus Wortham of American General was elected chairman of Texas Insurance Advisory Assn. at its meeting at New York. He succeeds B. F. Weaver of Royal-Liverpool. Gordon Kyle of Aetna Fire was elected vice-chairman.

Among topics discussed were some items on the agenda of the Texas board of commissioners hearing on fire insurance matters in Austin in January.

Argentine Leaders in U. S.

During a business trip to the United States and Europe, three directors of the Argentine Reinsurance Institute visited New York recently to confer with insurance men. The delegation included Dr. Enrique L. Carballeda, president, Dr. Luis F. Orcoyen, general manager, and Dr. Jose Alocen, a director.

They represent the only institution in the Argentine authorized to operate in reinsurance. It is owned jointly by the government and private companies.

High Speaks at Boston

E. F. High, Columbus, O., president of National Assn. of Mutual Insurance Agents, in an address at Boston before the New England association, advocated an all-industry approach to major problems confronting the business.

Mr. High said every segment of the business should unite, warning that unanimity of approach to insurance problems that find their way to Washington is greatly lacking.

Bowersock Transferred

R. D. Bowersock, General Adjustment Bureau manager at Childress, Tex., has been appointed Paris, Tex., manager. He is succeeding W. K. McCurdy, deceased. Mr. Bowersock has been with the bureau since 1941 and was appointed Childress manager in 1947.

Eagle Ontario President

Fred Eagle of Hamilton has been elected president of Ontario Insurance Agents Assn. The association has decided to affiliate with Canadian Federation of Insurance Agents—but with a reservation agreement that if members are not satisfied with future developments, the affiliation will automatically be ended.

Brokers' "Town Hall" Forum

Greater New York Insurance Brokers' Assn. will hold a "Town Hall" forum Nov. 20 on the automobile insurance situation.

Speakers will be State Senator Seymour H. Halpern (R-Queens), chairman of the association; Alex Goldberger, Brooklyn broker and columnist for Insurance Advocate; Ray Murphy, general counsel for Assn. of Casualty & Surety Companies, and possibly a representative of the New York department.

Ky. State Bonds Written

Home Indemnity has issued a \$90,000 blanket bond covering employees of the Kentucky insurance department. Western Casualty & Surety has written the bond on employees of the state department of motor transportation.

Insurance Women of Blair County held its installation of officers at Altoona, Pa.

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protection



Nowhere is the efficiency of American production more evident than in its superb fire fighting equipment. Each year brings new and better methods of eliminating fire hazards and each year brings new and better fire insurance protection.

With more than one hundred and forty-six years of experience in developing proper protection, Caledonian takes pride in the up-to-the-minute service that its agents give policyholders.

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Johnson Succeeds Eifler in Florida Assn. Post

Tom C. Johnson has been appointed executive secretary of Florida Assn. of Insurance Agents, filling the vacancy created by the death of A. C. Eifler. Mr. Johnson has been connected with the association since 1948, first as assistant secretary and for the last two years as director of public relations. The association does not contemplate any further appointments at the present time.

The public relations and membership committees recommended a concentrated membership campaign seeking quality rather than quantity and a continuation of the district meeting program inaugurated two years ago.

Accepting Applications for N.Y. Casualty Actuary Post

New York civil service commission will take applications until Dec. 1 for the position of chief casualty actuary in the insurance department rating bureau at its New York city office. The starting salary is \$10,174.

The vacancy was created recently when Arthur Bailey left to become assistant actuary of Lumbermens Mutual Casualty.

Minimum qualifications are five years of high level casualty actuarial experience and successful completion of seven examinations of Casualty Actuarial Society.

There will be no written test. Candidates will be rated on their training and experience. Applications will be mailed to all fellows and associates of the society. They may also be secured from the Albany office of the civil service commission or insurance department.

Rodiek Agency at 50th Year

The William Rodiek & Co. local agency of St. Louis on Oct. 28 celebrated its 50th anniversary at a party at the Sheraton hotel.

The agency was organized by the late William Rodiek, Sr., and upon his death in 1945 was continued by his son, William Rodiek, Jr., who is now president. Miss Sophia Rodiek, former vice-president, died in 1949. The present officers of the firm are William Rodiek, Jr., president; R. T. Rodiek, vice-president, and Fred A. Dickhaus, secretary-treasurer.

Morgan Port Huron Chief

Daniel L. Morgan, vice-president of Moore & Wright company agency, has been elected president of Port Huron (Mich.) Assn. of Insurance Agents. Vice-president, Jerry Kerber, and secretary-treasurer, George W. Hathaway. Mr. Morgan formerly was with Aetna Casualty and Surety as a field supervisor in personal insurance, becoming associated with the local agency in 1946.

The association approved, at the same meeting at which officers were named, payment of a \$1,000 gift to the Port Huron Hospital Fund, helping to defray the cost of a hospital building project.

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with the growing insurance needs of our complex society for over 79 years . . . constantly pioneering new and broader techniques to meet the changing times.

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WORLD-WIDE FACILITIES FOR PRACTICALLY

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Uniform Accounting Complex Problem

(CONTINUED FROM PAGE 2)

philosophy before fixing procedures in a way that all hands may regret fixing. There came up the discussion of the study of costs by size of risk and Mr. Kuenkler remarked that one result of that study is to spur the companies to devise short cuts to reduce the cost of handling small risks. One such device is to discontinue filing unit reports on small risks. He said the companies should learn from these studies how to do things better.

Mr. Pruitt said that is inevitably the result of finding the truth.

Mr. Higgins wondered whether the development of such facts should not be translated into rate increases. The participants said that every effort should be made first to save on expenses. Mr. Pruitt declared, however, that where there is a high cost involved in small size risks that cannot possibly be reduced, then the companies do face the problem of asking for more rates even though this might threaten to price them out of the market.

Mr. Higgins asked again: "I gather that the 'industry' would like to see the use of premium volume reduced wherever time allocation is feasible?"

Can't Audit Judgment

C. G. Vanderfeen of National Surety declared that where dependence has to be put on judgment such as in a legal department, judgment can't be audited.

Mr. Higgins asked whether if one company does it on a time basis, all companies must not do it on the same basis.

J. A. Mills of Lumbermen's Mutual Casualty said that this doesn't pay. Some 25 casualty companies, he declared, write about one-half the business and they have gone a long way to determine their costs by line. The theory that the premium base should not be used where other approaches can be

applied is good in that it causes companies to make a real search for better bases to find the incidence of expenses. However, he said the state should not put the companies in a strait-jacket with respect to methods. Mr. Mills declared that the state should not bludgeon small companies with the necessity of using costly time studies.

Mr. Higgins asked whether the state should be careful on large companies and be more liberal with the smaller ones.

Not Trying to Misstate

Mr. Mills answered that the state should allow the small companies to use premium volume or judgment until they can afford to make time studies. He declared the small companies are not trying to misstate their expenses.

Mr. Higgins asked whether such a provision could be spelled out in the regulations.

Mr. Mills declared that the small companies' expenses come out well. They use good judgment.

Mr. Pruitt insisted that there is no standard formula or clear cut way.

The next morning the committee waded into another \$64 question and this was the proposal on the part of the "industry" committee for a definition of acquisition and field supervision expenses so as to isolate the pure commission cost and consolidate other elements of acquisition cost with general expenses. This led into some tender areas. One of these areas was approached by Mr. Higgins in saying that thought needs to be given to the purpose of uniform accounting, especially the relationship between uniform accounting and rate making. He said he wanted to hear a discussion of the effect of elimination of acquisition cost from the pure commission element on rate making.

One of the industry spokesmen de-



AT MASSACHUSETTS AGENTS MEETING, NEW OFFICERS ARE INSTALLED: Robert G. Dowling, Hyannis, second vice-president; Arthur B. Fair, Natick, state national director; Dana J. Lowd, Northampton, installing officer; Frederick J. England, Cambridge, president and G. Frank Lord, Great Barrington, first vice-president.

clared that National Bureau of Casualty Underwriters is proposing a revision of the expense loading in some lines, based on the latest two years, but in modified fashion, because of the shifting of expense elements. Accordingly, he said, results obtained under uniform accounting studies are to that extent being used in rate making.

More Direct Impact

Mr. Higgins inquired, however, whether the operation of uniform accounting should not have a more direct impact on rates. That is, should not the companies develop figures on acquisition and relate these to the percentage for that element in the rating formula? He asked whether there was any move on foot to eliminate acquisition from the rating formula.

Mr. Kuenkler replied that there is no such thought, at least at present.

Thomas Carlson of National Bureau of Casualty Underwriters said that not every cost analysis should have to be processed through the uniform accounting committee. There ought to be latitude to make studies without having to follow a prescribed procedure every inch of the way.

C. F. J. Harrington, executive vice-president of National Assn. of Casualty & Surety Agents, asked what is going to be included in commissions. Mr. Higgins said there is no change. The proposal deals with acquisition other than commission and the proposal is to consolidate that with general expense.

Mr. Harrington asked Mr. Higgins for his views on the proposal but Mr. Higgins ducked that one.

Mr. Higgins asked in turn for Mr. Harrington's views and Mr. Harrington said that he would have to be non-committal because he didn't have a round-up of opinion of his membership.

Fraternal Differences

J. J. Magrath of Chubb & Son interposed the remark that the fire and marine companies don't use a split between acquisition and general expenses in their rate making.

Mr. Higgins declared that the "industry" proposal is foreign to a policy whereunder the statistics derived from uniform accounting are tied directly into the rates.

Joseph Lazarus of the Pennsylvania department said there was a question involved of the relationship between the expense factors and the incidence of expenses incurred. Should there, he asked, be a relationship between accounting and the rate making data?

Thomas Carlson said that this leads into the question of regulation of commissions by the states. We say, he declared, the state's proper sphere is to rule on the propriety of the total rate; that is the primary concern of the governing authorities. The total rate may or may not be based on experience data.

For instance, the plate glass rate revisions after the OPA regulations were lifted on glazing costs were based solely on prospective increases on glazing costs. This was an economic factor that had a definite bearing on the situation but was not reflected anywhere in the insurance experience.

Getting a Better Rate

Mr. Lazarus asked Mr. Carlson whether it was his position that there can be rate making without uniform accounting. Mr. Carlson said "We had it. Uniform accounting helps us to get a more proper rate."

Mr. Pruitt said the size of the risk study had to have the foundation of uniform accounting but it would have been a mistake to have imposed U. A. rules to govern the sampling that was done. Uniform accounting, he declared, is a fine foundation but it should not be regarded as the entire superstructure.

The final \$64 question was how to allocate the salaries of executives. J. B. Clancy on this point said that the use of a mandatory formula would, simply for the sake of uniformity, give distorted and erroneous results.

There was some humor injected into this part of the discussion. One of the chief accountants said that he was able to account for about two-thirds of his president's time, he couldn't say what the president did the other third of the time. Another accountant later brought down the house when he said he would be happy if he thought that his president knew what he was doing two-thirds of the time.

Mr. Higgins asked whether the allocation of executives' salaries should be substantiated by time reports.

Mr. Mills said that would be like allocating the time spent at this uniform accounting hearing to lines of insurance.

Mr. Higgins asked whether a letter should be required from the president setting down his opinion of how he passes his time, or whether a size-up by the chief accounting official should be required.

Those at the meeting had at hand some written observations on this part by George H. Kline of the New York Department in which he said that allocations in this area are made on a non-homogeneous basis and do not result in meaningful industry figures.

Uniformity Not Even Approached

Those who have conducted uniform accounting examinations of 11 New York companies have made a report concluding that a desirable degree of uniformity has not even been approached. The reports on file are for London Assurance, Interborough Mutual Indemnity, Public Service Mutual, Norwich Union Fire, Phoenix Assurance and Great American Indemnity.

The reports, which are identical, say that the combination of allocations

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based on dollar volume with those based on time measurements results in a mixture of unlikes and the use of weighted counts and judgment further beclouds the picture.

Uniform accounting requirements, the reports say, should not only be theoretically sound but should be practical and workable. Instructions that may satisfy theorists may be repugnant to those who must carry them into execution. If uniform accounting is to continue, the allocations must be uniform. Uniformity will not be a fact until the decision has been made on the extent if any to which the use of premium volume is an acceptable method of allocation of cost to line of business. To the extent that dollar volume is prescribed as a basis of allocation, the necessity for unit counts, time studies, weightings and time estimates may be obviated. On the other hand, if it is estimated that dollar volume should not be permitted, the companies will be faced with the necessity of making whatever greater effort is necessary to obtain uniformity.

Examiners state that the methods used in allocating salaries of executives are appreciably different. Dollar volume when used as an allocation basis does not have the same effect as overhead on salaries. Overhead on all allocations has a far different effect than overhead on salaries. Allocations based on judgment and time estimates differ as judgment differs.

Me. Commissioner Wants State to Pay Its Own Way

Commissioner Mahoney in an appearance before the Maine governor and council asserted that the state should not seek preferential treatment from insurers even if it must pay a greatly increased premium on its boiler insurance. The council recently rejected all bids for renewal of \$100,000 insurance on state power and heat plants because the lowest bid was nearly double what it has been paying.

Mr. Mahoney was instructed to file an official protest with National Bureau of Casualty Underwriters against the rate being quoted. Citing the provision allowing a lower rate if the risk is "unusual and unique," Mr. Mahoney indicated that Maine has been given a lower rate through this loophole for several years because "somebody" has applied pressure. "I think it is time we stopped cramming this thing down insurance companies' throats and start to pay just like everyone else." He commented that one company quoted a rate 15% off tariff, "which I rejected because it is against the law." He explained that the state regulatory law requires companies to supply data in support of proposed deviations.

New Hartford "Ad" Agency

Marschalk & Pratt, New York advertising agency, has been named to handle national advertising for Hart-

ford Fire and Hartford Accident.

MacRann Associates, advertising service consultants, New York, made an exhaustive study of scores of advertising agencies before the appointment was made.

New Hawaii Commissioner

William B. Brown, treasurer and ex-officio insurance commissioner of Hawaii since 1947, has resigned to be sworn as judge of the second circuit court of Hawaii.

Howard H. Adams, former first deputy treasurer, has been appointed to the

position vacated by Mr. Brown for an interim period until Gov. Long makes the choice of a successor.

Judge Brown attended several N.A.I.C. meetings and made many insurance acquaintanceships on the mainland.

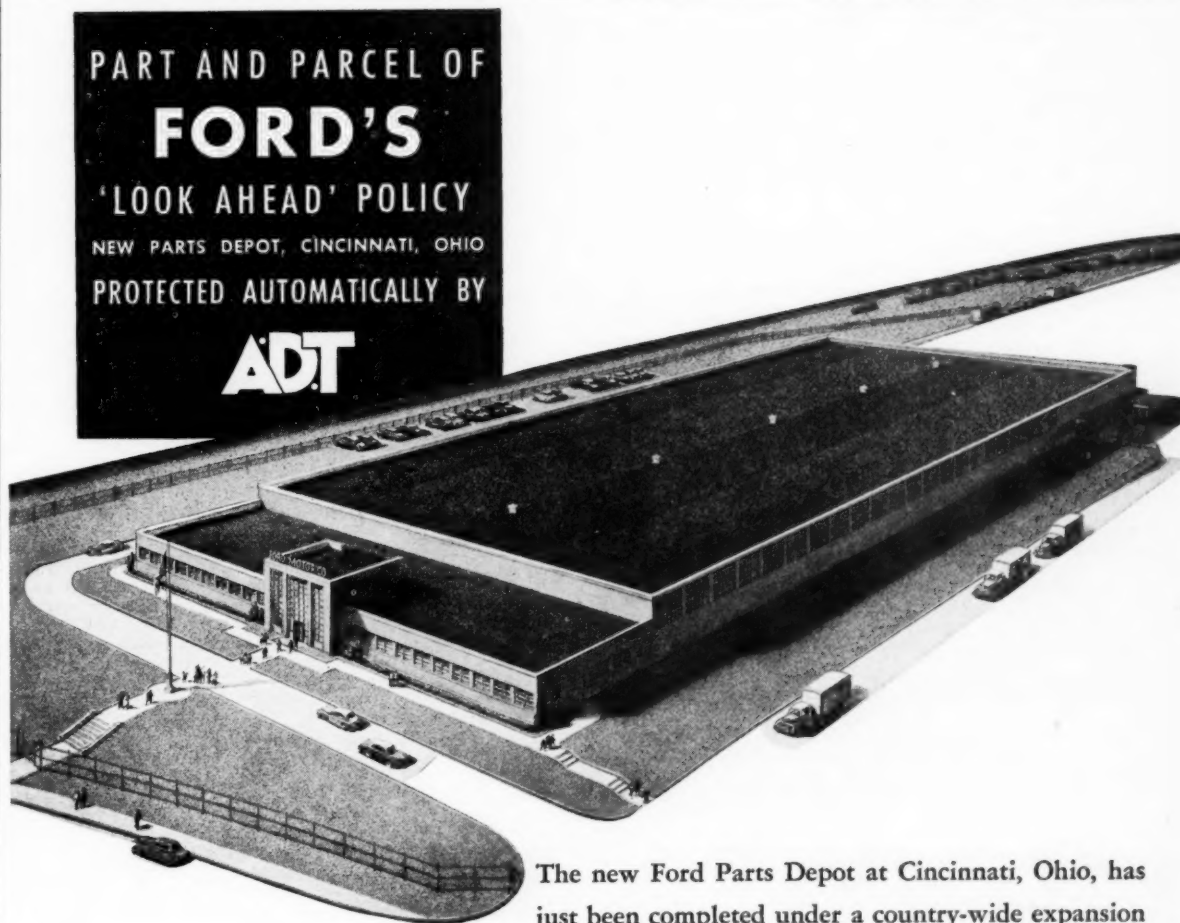
Judge Brown was educated at Williams and Harvard law school. He went to Hawaii during the war as counsel for the OPA.

Prior to Judge Brown's term, insurance supervision in Hawaii was confined to licensing and the collection of taxes and fees by one clerk in the treasury department. Now there is a separate

bureau in the treasury with 13 employees administered by a full-time deputy.

Urges Farm Fire Prevention

LOGANSPOUT, IND. — Earl L. Cooper, secretary of Indiana Farmers Mutual of Indianapolis, spoke at a special loss prevention meeting here. He warned farmers to check carefully for fire hazards. Flues especially should be checked carefully just under the roof line, since it is estimated that 40% of all farm dwelling fires are caused by holes or soft mortar at this point.



The new Ford Parts Depot at Cincinnati, Ohio, has just been completed under a country-wide expansion program described as "part and parcel of Ford's 'Look Ahead' policy to better serve Ford owners."

A criterion of practicability and efficiency, the Cincinnati Depot employs a combination of ADT Central Station Services to provide complete AUTOMATIC protection against fire, burglary and other hazards. These include: ADT Sprinkler Supervisory and Water-flow Alarm and ADT Burglar Alarm Services.

ADT Automatic Protection provides the highest degree of security at the lowest cost. Thousands of progressive business establishments from coast to coast are similarly protected. Descriptive booklets upon request.



Merrill F. Ramsay, state agent America Fore, Boston, and Dana J. Lowd, Northampton, talking over grandfatherhood at Massachusetts agents' convention. Elizabeth Ramsay Lowd is the new daughter of Robert M. and Marilyn Ramsay Lowd. R. M. is in the Philadelphia field for Phoenix-London.



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Compulsory Thorns Prick Mass. Agents

(CONTINUED FROM PAGE 1)

Harold D. Barnes, Pittsfield; Paul T. Carroll, Barre; Dana J. Lowd, Northampton; George B. Mirick, Shelburne Falls; Frank X. Perron, Fall River; Allan M. Walker, Taunton; Daniel M. Walsh, Jr., Springfield; Frederick H. Woodward, Lynn; Graham Smith, Brockton, the retiring president; Frank Mills, Worcester; Kenneth W. Faunce, Boston; Bart Galvin, Lawrence; Clifford E. Dunn, Fitchburg, and Leo R. Mongeau, Lowell.

Mr. England has been in the agency business since 1948 when he purchased the W. B. Hastings & Co. Agency in Cambridge. That is an old agency, started in 1866. Prior to that he was production manager in New England for Standard Accident and was with the company in that territory for 20 years. He lives in Saugus, where he is director of the Saugus Trust Co. and a vice-president of the Saugus Cooperative Bank. He's a past-president of his home Lion's Club and a director of the Emery agency in Boston.

Two Vice-Presidents

Mr. Lord has long been active in association affairs and is a popular figure among agents of the state. Mr. Dowling has been with the Frank G. Thacher agency in Hyannis since 1934, served on the executive committee four years and was chairman of the finance committee two years. He has seen service on the commissions and the constitutional revisions committees.

The agents' group took a crack at

rate making by unilateral adjustments in commissions. A resolution noted that one company group has arbitrarily reduced commissions on one class of risk, and this is contrary to contractual relations between company and agent. It violates the basic principle of the agency system. The resolution urged that any change in commissions be bilateral and put the association on record as vigorously opposing any but bilateral modifications of such contracts. A copy will be forwarded to the president of Assn. of Casualty Surety Companies and he will be urged to call it to the attention of all his members.

A resolution of the second war was reaffirmed, opposing solicitation of the business of an agent in service and recommending that local boards watch the situation. The association was urged to appoint a special committee to investigate the feasibility of getting employees or families of the agent in service licensed as agents.

Maurice G. Herndon, manager of the Washington office of N.A.I.A., discussed the Washington scene in his usual capable and impressive fashion. He noted that the war damage matter is now quiescent.

Early Morning Session

The early morning session, presided over by Carroll K. Steele, Gloucester, was concerned largely with compulsory automobile. The first question was how can agents get automobile rates earlier. The law says the Monday after Labor

Day, but that hasn't happened in years.

Mr. Steele said political considerations are involved. It is true that with the big rush in the last two months of the year, the lateness of approval penalizes the agent. On many policies in his office he could collect the full premium as he goes along. However, he pointed out that one legislator is anxious to have the rates early because he is interested in propagating a state fund and if the rates come out early enough perhaps he could use an injunction to hold them up until there was action on his proposal.

Another asked what to do when the casualty companies in the agency do not want automobile business in 1952 and none of the other companies wants to move into the agency until the rates are announced.

Mr. Steele said one company had pulled out of the state and the attitude of some others is that they are going to take less automobile in 1952 than they did in 1951. A similar situation existed in 1946, but at that time agents were, after a struggle, able to get business accommodated.

Routes Open to Agent

Mr. Steele admitted that an agent without a large volume of profitable casualty business to go with automobile is in a weak position. It is still possible to get accommodation by putting other types of business with auto. Or, the agent can go through one of the large Boston general agencies; through this means he must act as a sub-agent, and even the general agencies have to screen automobile more closely today. Finally, the agent can let the business go into assigned risk.

There are fewer company notices of intent not to renew. Instead agents are being asked to reduce those companies' commitments, presumably by placing cars in other insurers. This would avoid the 10% penalty under which a company that sends intent notices to 10 auto insured must take 11 more via assigned risk. The matter was referred to the directors.

Mr. Steele indicated a possibility of agents being put on commission for assigned risks in 1952, especially if the rates are adequate.

The statement by an agent that one company has been trying to get into his agency by paying 25%, five points above the going rate for fire, provided an interesting contrast with conditions in the automobile field.

No Limited Theft Interest

Apparently Massachusetts agents are not much interested in attaching the limited theft endorsement to the fire policy. Mr. Steele finally elicited one reaction that the agent doesn't think customers want it.

One agent suggested extended cover rates should be increased sufficiently to provide full cover. He noted that many bills are being padded to cover the deductible, as is certainly the case with auto physical damage.

Mr. Steele said he thought some of these bills were being padded legitimately, that is, that contractors actually put up staging ladders, etc., needed for protection, which is charged in the bill.

Frederick W. Doremus, manager of Eastern Underwriters Assn., said last November's storm produced 1,500,000 claims in 10 states with insurance payments of \$150 million. Undoubtedly a percentage of claims reflected petty larceny by insured and contractor. If the storm had been normal in size, the business could quickly have determined which contractors and agents were padding. He said public relations work by agents with contractors and civic organizations is needed along this line. He urged agents to get behind the proposed catastrophe plan of local boards and state associations.

If an agent pads a bill, on collision, E. C. or anything else, it is time he lost his license, Mr. Steele declared. This sort of thing penalizes other insured, they pay for it.

Massachusetts agents are proud of their new constitution and bylaws. Much effort was expended to produce a modern, post-S.E.U.A. case document. Its purpose is to promote greater interest and unity in the group, stimulate wider participation, develop leadership in agency ranks, and secure greater cooperation of local boards among themselves and with state associations.

Mr. Barnes explained the principal features of the new instrument. Directors are on a rotating basis, membership qualifications are clarified, there is no change in dues, but directors can assess in an emergency. Also committee assignments are modernized.

There is a local board advisory council, patterned after the territorial conference idea. National association affiliation is spelled out. Fair trade practice rules are delineated in detail.

There were fine reports from J. T. Burke, executive secretary, who had much to do with the successful arrangements for the convention; Mr. Fair, Mr. Woodward, legislative committee; Mr. England, automobile liability committee, and Mr. Mirick, educational. Mr. Burke reported finances in good shape.

Fine Annual Banquet

The banquet was quite an affair. About 610 attended, which set a new record, and George "Birdie" Tebbetts, catcher for the Cleveland Indians blasted Charlie Dressen, manager of the Brooklyn Dodgers for his treatment of Erv Palica and giving himself the credits and his players the blame. This made headlines across the country. In the off season, Mr. Tebbetts is a successful producer with Paul Sadler agency at Nashua, N. H., specializing in life insurance.

Among the dignitaries at the head table were C. A. Peterson, Worcester, of Mutual Fire Insurance Assn., which was the banquet host; Mrs. Alma M. Ayre, president, Massachusetts Assn. of Insurance Women; three state presidents, R. M. Dodge, Maine; Robert F. Babcock, New Hampshire; and Donald S. Paige, Rhode Island; P. A. Richemburg, president Boston Board; R. E. Burnham, president Western Massachusetts Field Club; I. H. Worth, president Bay State Field Club; K. F. Akers, president New England Fire Insurance Exchange; B. J. Hermes, manager New England Fire Insurance Rating Assn.; George E. Kay, president Massachusetts Insurance Federation; Fred H. Hitchcock, president Insurance Brokers Assn. of Massachusetts; Mrs. Blanche Novasad, director National Assn. of Insurance Women.

Has New Pakistan Branch

American Foreign Insurance Assn. has opened a branch at Chittagong, Eastern Pakistan, under the supervision of P. N. Medora as resident representative of American and Home.

A.F.I.A. has two branches in Pakistan and 13 in India.

Hold Three Texas Regionals

More than 200 agents attended the regional meetings of Texas Assn. of Insurance Agents at Wichita Falls, Amarillo and Lubbock.

Paul H. Brown, fire insurance commissioner, spoke at Amarillo and G. C. Hawley, chief engineer of the Texas department, at Lubbock. Speaking at all of the meetings were A. W. Penn, director of the bond and burglary section of the casualty division of the Texas department; Raymond Hulsey, Austin, manager Texas Automobile Service Office; J. L. Randel, Wichita Falls, vice-president Texas association, and Drex G. Foreman, Fort Worth, executive secretary.

Nominated for regional vice-president at Wichita Falls was Jack Brassill of Quanah; at Amarillo, Charles W. Stewart, Claude, and at Lubbock, Marion Sanford of Lubbock.

Insurance Women of Pittsburgh held Bosses' Night Monday. Mrs. David B. Edgar was toastmistress. Speaker was A. C. Stone, Pittsburgh manager of Factory Insurance Assn.

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Atlanta Agents Get Clear Title to Association Name

Judge Jesse M. Wood of Fulton county (Ga.) superior court has revoked the corporate charter of Atlanta Assn. of Insurance Agents, Inc., organized by George W. West, president of First Federal Savings & Loan Assn. and Home Owners Insurance Agency of Atlanta, and president of Home Owners Mutual of Chicago.

The revocation of this charter gives clear title to the name and charter of Atlanta Assn. of Insurance Agents, Inc., organized originally before 1900 and of which almost 90 of the leading agencies of the city are members.

The issue arose because of an oversight in not renewing the corporate charter of the old association, according to Secretary George DuR. Fairleigh, when it expired after 20 years' existence in February, 1950.

Mr. West applied for and received a charter for an organization of the same name on Oct. 6, 1951. When this came to light, the old association immediately applied for a revival of its charter, which was granted on Oct. 19, 1951.

The action renewed a feud of long standing between the organized agents of Atlanta and Mr. West, whose organization is reported to be the only one of nine federal savings and loan associations in the area that refuses to accept insurance policies written through other agencies. So far the state's anti-coercion section of the unfair trade practices act has not touched this operation, as the act applies to those in the insurance business, while the alleged coercion is done by First Federal, which is not licensed as agent.

Mains Has Open House

The Mains Insurance Agency at Dearborn, Mich., held open house at its new building, Ford Road and Maple street. Modern in every respect, the one-story

building is fire-resistant and has ample parking space.

Arthur Mains established his agency there in 1925 and has been active in insurance association affairs, including a term as president of Dearborn Assn. of Insurance Agents.

Organize Charlotte County

Charlotte County Assn. of Insurance Agents was organized Nov. 1 at a dinner meeting at Keysville, Va. Manager William Day, representing the Virginia association, was host to the agents.

Officers of the new association are: President, H. Grey Harvey, vice-president, R. S. Chamberlayne, Jr., and secretary-treasurer, Luetta J. Thompson.

Sanford Appointed Manager

General Adjustment has appointed Jack W. Sanford branch manager at Childress, Tex., to succeed R. D. Bowersock who has been named manager at Paris, Tex. Mr. Sanford joined the company at Wichita Falls and was later appointed staff adjuster at Childress.

Century Names Hanmer

Century Indemnity has appointed Henry F. Hanmer Maine special agent with headquarters at Waterville. He has attended the home office training school.

Shepherd in Oregon Field

Peter D. Shepherd is named casualty-surety agent for National of Hartford in Oregon, southern Idaho, and southwestern Washington, replacing R. E. Warner, who is being transferred to northern California.

Finance Men Meet Nov. 12-14

American Finance Conference will hold its annual business convention at Chicago Nov. 12-14.

N. C. Mutual Agents to Hear Wicker at Midyear

North Carolina Assn. of Mutual Insurance Agents will hold a special mid-year meeting at Charlotte, N. C., Nov. 12, at which John J. Wicker, tax expert and attorney of Richmond, Va., will be the principal speaker.

John M. Foushee, Chapel Hill, N. C., president of the association, has stated that an attendance of 200 or more is expected. The sessions will be at the Selwyn hotel and will begin with a business meeting at 5 p.m., followed by a social period and a banquet at which Mr. Wicker will speak on "Mutual Facts vs. Anti Mutual Fiction."

Hinckley with Lyle Co.

Lyle Adjustment Company has named Arthur H. Hinckley assistant to Manager R. F. Carlson of the southern Arizona division at Tucson.

Mr. Hinckley was for 25 years with the Century Indemnity in New England and has been in Arizona about two years.

Form Terry County Unit

Terry County Insurance Exchange was formed at a meeting at Brownfield, Tex., with W. T. McKinney, president; E. G. Akers, vice-president, and Sid Lowery, secretary.

Attending the organization meeting were Woodson Jones, Seagraves, regional vice-president of Texas Assn. of Insurance Agents; Thord Dockray, president Lubbock Exchange, and Harry Delaney, past exchange president and former director of the Texas association.

Discuss Rehabilitation Law

A panel discussion of the W.C. rehabilitation law will feature the Nov. 13 meeting of the Associated Industries of Missouri. Members of this panel are

Frank J. Lakey, chairman, Carl J. Henry, W. E. Freeland, and Spencer H. Givens.

N. C. Rate Raises Sought

RALEIGH, N. C.—N. C. Automobile Rate Administrative Office has proposed increases in auto liability rates, and Commissioner Cheek has set a hearing for Nov. 29.

The filing proposes to raise private passenger P.D. rates 25.2% and B.I. 7.7%; commercial P.D. 24.2% and commercial B.I. 3%.

Opens Indianapolis Agency

Stuart A. Bishop, office manager of Travelers at Indianapolis, is establishing a local agency there in the Chamber of Commerce building. A veteran of both wars, Mr. Bishop started with Travelers in 1919 and served for a time at New York City before going to Indianapolis in 1923.

Man. Superintendent to Retire

Herbert Hunter is retiring at the end of this year as superintendent of insurance of Manitoba. He was largely responsible for the introduction into Canada of financial responsibility plans.

Form Board in Va.

South Boston, Va., Board of Insurance Underwriters was organized at a dinner meeting there. Manager William Day of Virginia Assn. of Insurance Agents was host.

Officers elected are John C. McRae, president, Arthur Tuck, vice-president, and Ella Webb, secretary.

Pratt Remmel, 36-year-old insurance agent, was elected mayor of Little Rock, Tuesday, the first Republican to hold this office in 55 years. He conducted a whirlwind campaign. He is primarily a life insurance man but he also has fire and casualty connections.

FIRE and ALLIED LINES Reinsurance PRO-RATA and EXCESS of LOSS

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A. J. Voorhees, Springfield manager; Thomas L. Snow, agency superintendent at Boston; Miss Esta Alexander, assistant agency superintendent, Boston, all of Aetna Casualty; C. D. Hebb, Pittsfield, and Guy E. Mann, manager of Aetna Casualty, Boston, at Massachusetts Agents' Convention.

Excess Reinsurance Has Its Day

(CONTINUED FROM PAGE 1)

prescribed, would not disclose this. The first company, despite its greater exposure to loss, actually could show a more favorable surplus position than the second.

It is, therefore, Mr. Diemand said, essential to make provisions for showing excess of loss reinsurance separately in the annual statement so that the supervisory authorities may have an accurate appraisal of a company's exposure to loss in relation to financial strength.

Because of the different degree of expense involved in writing excess reinsurance, incorporation of this business with normal classes in the expense exhibits distorts the results and produces misleading expense ratios, he added.

Misleading Loss Ratios

Because of large fluctuations in loss experience in excess reinsurance, incorporation of this business with normal classes distorts the results and produces misleading loss ratios. Also, he continued, because of the large fluctuation in losses, a special reserve problem is apparent, "and unless this problem is dealt with properly, the value of the annual statement as an indication of the financial status of the reinsurer is greatly reduced."

An excess of loss cover is frequently written for a single premium, although

it may cover a variety of perils. Mr. Diemand commented that it is impossible either to allocate portions of this indivisible premium to each of the perils covered, or to assign the entire amount to a single peril, without being arbitrary and inaccurate.

Need Strong Reserve Position.

As to the reserve situation, Mr. Diemand declared that in a volatile type of business such as excess reinsurance, an especially strong reserve position is necessary.

Not much help in achieving stability can be had through premium reserves, he said. Most excess contracts are written for no more than a one-year period so that the premium reserves are relatively small compared to other business. The effect of premium reserves on stability is further minimized by the practice of paying premiums in quarterly installments which are considered earned as written, since the policies do not include a cancellation clause. The nature of premium reserves for excess creates a distortion and places the excess company in what appears to be an artificially favorable surplus position.

Mr. Diemand pointed out that companies purchase excess reinsurance to protect themselves against violent fluctuations of experience because of catas-

trophes. It follows that the reinsurers must suffer these same violent fluctuations and will have widely varying loss experience from year to year. Since catastrophes do occur with sufficient frequency to produce credible experience, a company writing excess reinsurance should set aside from its earnings a loss reserve fund extending over a period of time. It is unwise to transfer to surplus the full earnings of a profitable year only to withdraw them, or larger amounts, from surplus when the inevitable catastrophes occur.

Only limited quantities of Mr. Diemand's paper were available. It contained three appendices illustrating his formula for calculating special loss reserve funds.

Chase Smith Urges Tax Break

When Mr. Diemand had concluded his presentation, Chase M. Smith, general counsel of Lumbermen's Mutual Casualty and chairman of the reinsurance committee of American Mutual Alliance, and also general counsel of Excess of America, gave a very comprehensive and extemporaneous presentation seconding on most points Mr. Diemand's views, but arguing that the establishment of a loss reserve formula is valueless unless the federal tax laws are revised.

It is impossible for American companies to accumulate an excess reserve fund under the present tax laws, Mr. Smith said. The commissioners have been "completely oblivious" to this situation, he continued, pointing out that if a company were to set aside \$500,000 this year for excess reinsurance reserve, the government would take perhaps 75% of that in taxes.

Criticizes Blanks Committee

The business has one or two strikes against it already because of the actions of the N.A.I.C. blanks committee, Mr. Smith declared. He said he doesn't think the commissioners who acted on the last blanks committee report had "the slightest idea what they were doing." By changing the treatment of schedule P, the committee ruined the tax deduction idea that had been based on reserves. Schedule P is now put in the surplus adjustment item and is taken out of the underwriting formula. The Treasury department has seized on this action as an indication that the commissioners have agreed that the schedule has no significance for tax purposes.

Mr. Smith went to the blackboard and gave an illustration of a stock company attempting to set up a catastrophe loss reserve. The company has \$20 million in profits for three consecutive years and then the next year has a loss of \$7,500,000, and the next year a loss of \$5 million. The company asks for a rate increase on the two years of losses, but the commissioners taking five years' experience argue that the profit is \$47½ million. The answer to that is that all the money over \$30 million went to the government in taxes, leaving a profit of only \$17½ million.

Earthquake Example

He mentioned what he said is a favorite example of his, that of a company deciding to enter the earthquake insurance business. The company figures that there will be one big earthquake every 50 years and one medium earthquake every 25 years. However, it would be impossible to accumulate money to handle these earthquakes if 50% to 75% of any reserve the company would set up were taxed away.

Mr. Smith gave a review of tax litigation now in process, and said the Supreme Court is considering a case involving schedule P. If the court denies schedule P reserves as a tax item, Mr. Smith said that the tax laws must be amended if the formula theory that Mr. Diemand advocates is to be put through. As the matter stands, he declared, the U. S. companies cannot build a domestic excess reinsurance market to compete with London Lloyds. The American companies can build no backlog of pre-

miums to pay the losses that gang up during a catastrophe.

Director Stone asked Mr. Diemand what he wanted the subcommittee to do, and the answer was to recommend to the executive committee that separate treatment of excess reinsurance be referred to the blanks committee; also that the formula for loss reserves be introduced in the statement. Mr. Smith interjected here that representation be made to the tax people. He strongly argued that it is no good to set up a reserve fund if it is going to be subject to tax. That money must be free from excess profits taxes.

Commissioner Maloney argued that the formula doesn't protect companies having consistently bad business, but Mr. Diemand said that the business is subject to violent fluctuations and the purpose of the reserve formula is to level out the peaks and valleys and put an end to drastic changes in surplus from year to year.

Mr. Maloney commented that the

ADJUSTING PRACTICES

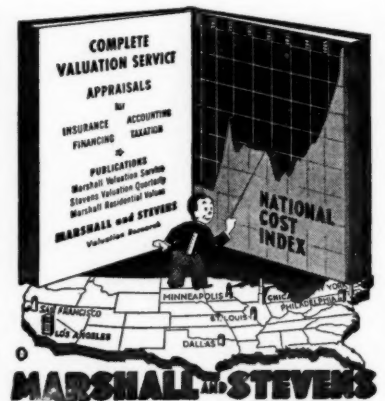
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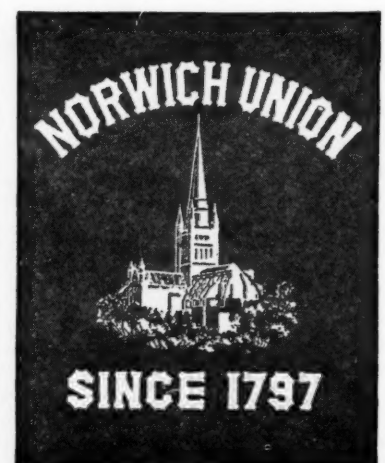
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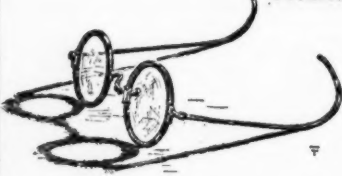
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annual statement now splits commissions on direct and reinsurance business. Should that be further split to show the excess commission separately? he asked. Mr. Diemand said yes, the entire transaction should be separate in the statement.

It was suggested by Joseph Gibson,

vice-president of American Mutual Reinsurance, that there are three angles to Mr. Diemand's suggestion that should be taken up in order. The first is separate reporting, the second favorable action by N.A.I.C., and the third is tax relief. The company people could actually be hurt by being required to set up reserves

Diemand Formula for Excess Reinsurance Loss Reserves Shown

Presented herewith are some of the illustrations used by Mr. Diemand in support of his loss reserve formula idea. The first is an example of operation of an excess of loss portfolio, being the actual figures of a reinsurance association. Chase M. Smith of Lumbermen

Mutual Casualty used these figures to show that in 1949 when the companies had an indicated profit of 60%, at least 50% of that 60% would be taxed away, and then in the following year when the companies were struck with a 221% loss ratio, there would be the scantiest of reserves available to meet the catastrophe.

Year	Premiums	Losses	Expenses	Loss Expense Ratio
1934/41	3,259,466	1,977,578	447,863	60.7
1942	2,061,651	667,778	278,489	32.4
1943	2,941,489	2,956,569	372,115	100.5
1944	2,934,318	2,931,181	244,859	99.9
1945	3,575,042	1,737,773	434,570	48.6
1946	4,218,480	1,475,009	486,618	35.0
1947	6,171,666	7,011,254	639,108	113.6
1948	8,206,499	4,790,922	796,618	58.4
1949	8,503,394	2,381,852	1,042,343	28.0
1950	8,118,393	17,971,958	1,020,867	221.4
Total 1934/50	49,990,396	43,901,874	5,863,450	87.8

Year	Premiums	Losses	Ratio
1942-1946	15,730,978	9,768,310	62.1
1943-1947	19,840,993	16,111,786	81.2
1944-1948	25,106,003	17,946,139	71.5
1945-1949	30,675,081	17,396,810	56.7
1946-1950	35,218,432	33,630,995	95.5

The schedule for calculating special business as proposed by Mr. Diemand is loss reserve fund for excess reinsurance shown below:

Year	Premiums earned	Expenses incurred	(2)-(3)	Losses incurred	(4)-(5)	%	(6) x (7)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1949						20	
1950						40	
1951						60	
1952	10,000,000	1,000,000	9,000,000	7,000,000	2,000,000	80	1,600,000

Loss reserve 1,600,000
Premiums less losses, less expenses for year 2,000,000
Increase in loss reserve 1,600,000
Underwriting profit 400,000

ANNUAL STATEMENT 1953							
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1950						20	
1951						40	
1952	10,000,000	1,000,000	9,000,000	7,000,000	2,000,000	60	1,200,000
1953	10,000,000	1,000,000	9,000,000	2,000,000	7,000,000	80	5,600,000

Loss reserve 6,800,000
Premiums less losses, less expenses for year 7,000,000
Increase in loss reserve 5,200,000
Underwriting profit 1,800,000

ANNUAL STATEMENT 1954							
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1951						20	
1952	10,000,000	1,000,000	9,000,000	7,000,000	2,000,000	40	800,000
1953	10,000,000	1,000,000	9,000,000	2,000,000	7,000,000	60	4,200,000
1954	10,000,000	1,000,000	9,000,000	15,000,000	-6,000,000	80	-4,800,000

Loss reserve 200,000
Premiums less losses, less expenses for year -6,000,000
Increase in loss reserve -6,000,000
Underwriting profit 600,000

ANNUAL STATEMENT 1955							
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1952	10,000,000	1,000,000	5,000,000	7,000,000	2,000,000	20	400,000
1953	10,000,000	1,000,000	9,000,000	2,000,000	4,000,000	40	2,800,000
1954	10,000,000	1,000,000	9,000,000	15,000,000	-6,000,000	60	-3,600,000
1955	10,000,000	1,000,000	9,000,000	6,000,000	3,000,000	80	2,400,000

Loss reserve 2,000,000
Premiums less losses, less expenses for year 3,000,000
Increase in loss reserve 1,000,000
Underwriting profit 1,200,000

ANNUAL STATEMENT 1956							
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1953	10,000,000	1,000,000	9,000,000	2,000,000	7,000,000	20	1,400,000
1954	10,000,000	1,000,000	9,000,000	15,000,000	-6,000,000	40	-2,400,000
1955	10,000,000	1,000,000	9,000,000	6,000,000	3,000,000	60	1,800,000
1956	10,000,000	1,000,000	9,000,000	10,000,000	-1,000,000	80	-800,000

Loss reserve Nil
Premiums less losses, less expenses for year -1,000,000
Increase in loss reserve -2,000,000
Underwriting profit 1,000,000

ANNUAL STATEMENT 1957							
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1954	10,000,000	1,000,000	9,000,000	15,000,000	-6,000,000	20	-1,200,000
1955	10,000,000	1,000,000	9,000,000	6,000,000	3,000,000	40	1,200,000
1956	10,000,000	1,000,000	9,000,000	10,000,000	-1,000,000	60	-600,000
1957	10,000,000	1,000,000	9,000,000	7,000,000	2,000,000	80	1,600,000

Loss reserve 1,000,000
Premiums less losses, less expenses for year 2,000,000
Increase in loss reserve 1,000,000
Underwriting profit 1,000,000

Negative figures will appear in columns (6) and (8) for years of bad experience. If the total of column (8) is negative, the figure appearing in column (5) for the last year must be replaced by such a figure as will make the total of column (8) zero. Calculations in subsequent years are to be based on this revised column (5) figure.

It is readily conceivable that circumstance could produce a loss which is larger than the total reserve at the time. Obviously, a negative reserve cannot be maintained. For this reason, in such cases, the reserve can be charged (Column 8) with no greater amount than would reduce it to zero. The remaining

amount must come out of surplus. In the following additional example, these circumstances are illustrated by using the same assumed figures as in the preceding example, with the exception of the year 1956, where the loss for that year is assumed to be large enough to completely exhaust the reserve fund then established, and to require a transfer from surplus. The corresponding chart graphically illustrates this situation.

Assume that experience for the years 1952-1955 inclusive is identical but that in 1956 the loss incurred is \$12,000,000. Preliminary calculation of the schedule for 1956 would appear thus:

Year	Premiums earned	Expenses incurred	(2)-(3)	Losses incurred	(4)-(5)	%	(6) x (7)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1953	10,000,000	1,000,000	9,000,000	2,000,000	7,000,000	20	1,400,000

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under the present tax laws, Mr. Smith remarked.

Arne Fougner, president of Christiania

General, commented that many of the company men had not seen Mr. Diemand's formula and would be reluctant

to pass an opinion on it without having a chance for study. He suggested that Mr. Diemand have copies given to the industry people so that by the time of the N.A.I.C. meeting at New York in December there could be a concerted opinion on the matter.

He said he is concerned that certain state authorities believe that the business got from then Commissioner Downey of California at Los Angeles a bull by the tail and at Swampscott later tried to renege; but such is not the case. There was a misunderstanding at Los Angeles, Mr. Lamble said, and it is unfortunate that no records were kept. The company people did not realize what had transpired until they got back to their offices and had seen in writing what the N.A.I.C. executive committee produced.

The controversy is about paragraph 7 of the executive committee's action at Los Angeles which says:

"Full credit against the unearned premium reserve shall be given for that portion thereof ceded by reinsurance under a contract which contains the essential element of true reinsurance as defined in paragraph 1 hereof but provides for commission to the ceding insurer on a 'sliding scale' dependent upon the incurred loss ratio during an accounting period. However, no credit for commission in excess of the minimum commission guaranteed, if any, shall be allowed prior to the completion of the accounting period stated in the contract. If the accounting period stated in any such reinsurance contract is on a calendar year basis, then a ceding insurer may take credit in its annual statement for any reinsurance commission in excess of the minimum reinsurance commission guaranteed which has been earned under the provisions of the contract."

Cuts Into Credits

Under this ruling, the ceding company is penalized in its credits on unearned premium reserve in that it cannot take credit for commission on sliding scale reinsurance contracts above the minimum commission even though the experience up to statement time would indicate a commission above the provisional. Companies having shown good experience are demanding that the provisional now employed be considered the minimum. Frank H. Newman, vice-president of General Security, said that one of his ceding companies, over a five year period not having gone below the provisional, is demanding that the minimum be increased to the level of the present provisional, and General Security can hardly refuse, in light of the N.A.I.C. ruling. "If we don't accept that commission level, somebody else will," he declared.

Approximately 80% of pro rata reinsurance today is on a sliding scale contract, Mr. Lamble said. North Star had no sliding scale contracts before 1946, the big growth in that field having been in the last five years. The commissioners' objection is to the use of sliding scale contracts in financial statements in such a way as to provide window dressing which is all right for Dec. 31 but on Jan. 1 disappears.

Suggests Modification

Mr. Lamble suggested that if the penalty imposed in the Los Angeles ruling cannot be entirely removed, that a change be made as follows: "If the penalty that results from the difference between the provisional rate and the minimum rate applied to reinsurance ceded unearned premium reserve is not in excess of 10% of policyholders' surplus, then the provisional should be allowed. If it is over 10%, the full penalty should be applied. Arthur G. Machold, treasurer of American Reserve, stated that the provisional commission in a sliding scale contract is simply part of a two-way contingent commission arrangement. The spread may be from 30% to 40% with a 35% provisional.

Chase Smith, who had been out of

the room returned the plan ever press. The prize unit Smith w sioners' He said logical rible if th contracts smaller co than the Mr. La force the sliding so that these

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We sug for regula companies (making sion man majority many year mental to Propose 1 However regulation insurance ations, we all compa on a slid visional c minimum counting mission fo and then liability w ence betw and mini the unear more tha surplus. of 10% would go

1954	10,000,000	1,000,000	9,000,000	15,000,000	—6,000,000	40	—2,400,000
1955	10,000,000	1,000,000	9,000,000	6,000,000	3,000,000	60	1,800,000
1956	10,000,000	1,000,000	9,000,000	12,000,000	—3,000,000	80	—2,400,000

Loss reserve 1,600,000
As it is impossible to have a negative reserve, the figure appearing in column (5) on the line for the year 1956 is replaced by such a figure as to make the total of column (8) zero. The schedule for annual statements in 1956 and 1957 would then appear thus:

ANNUAL STATEMENT 1956							
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1953	10,000,000	1,000,000	9,000,000	2,000,000	7,000,000	20	1,400,000
1954	10,000,000	1,000,000	9,000,000	15,000,000	—6,000,000	40	—2,400,000
1955	10,000,000	1,000,000	9,000,000	6,000,000	3,000,000	60	1,800,000
1956	10,000,000	1,000,000	9,000,000	10,000,000	—1,000,000	80	—800,000

Loss reserve Nil
Premiums less losses, less expenses for year —3,000,000
Increase in loss reserve —2,000,000
Underwriting profit —1,000,000

ANNUAL STATEMENT 1957							
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1954	10,000,000	1,000,000	9,000,000	15,000,000	—6,000,000	20	—1,200,000
1955	10,000,000	1,000,000	9,000,000	6,000,000	3,000,000	40	1,200,000
1956	10,000,000	1,000,000	9,000,000	10,000,000	—1,000,000	60	—600,000
1957	10,000,000	1,000,000	9,000,000	7,000,000	2,000,000	80	1,600,000

Loss reserve 1,000,000
Premiums less losses, less expenses for year 2,000,000
Increase in loss reserve 1,000,000
Underwriting profit 1,000,000

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the room for this part of the discussion, returned and made the comment that the plan is the most unrealistic one ever presented in the reinsurance business. This took the audience by surprise until it was learned that Mr. Smith was referring to the commissioners' plan adopted at Los Angeles. He said the ruling is bad, but still has logical grounds for support. It is terrible if the beneficial effects of sliding contracts are to be lost, he added. The smaller companies will be hurt far more than the big ones.

Mr. Lamble interjected that to enforce the rule would mean the end of sliding scale contracts, and he noted that these contracts are responsible for

the tremendous growth of the reinsurance business in recent years. Commissions are higher today under these contracts than they were before, but the reinsurers have protection.

Frank Newman said that the reinsurers have lost some profit on the sliding scale, but they have created flexible and stable contracts.

Director Stone said that the commissioners would like to study the formula advanced by Mr. Lamble. "Some of these sliding scale contracts can make very phony statements at year-end," he said. He asked Mr. Lamble to present his proposal in writing and also to show statistically how the plan would work.

Company Statement on Sliding Scale

Following is the text of the statement of the industry to the N.A.I.C. reinsurance sub-committee on the question of sliding scale commission:

In view of the many explanations already made by the industry, it seems unwarranted, at this time, attempt any further clarification of the reasons for the use of provisional commissions in sliding scale commission plans and the important part they play in the insurance business. We do, however, wish to reiterate that the sliding scale commission plan of operation with the use of provisional commissions is vital and important not only to the majority of ceding companies that have plans of this kind in effect but also to the reinsurance business.

It is not the desire of the reinsurance industry to assist ceding companies to increase their surplus in an artificial manner or in a manner that might be detrimental to a ceding company. As a matter of fact, the reinsurance industry would not last very long were it not on guard at all times to see that its ceding companies were solvent.

Cites Over-Extension

It is recognized that through the use of high provisional rates (when compared to minimum rates) some ceding companies have over extended themselves and that some regulation will be required to guard against possible future failures with consequent loss to policyholders.

Since a study of the experience of sliding scale contracts in effect during the last five years with the American Reserve Ins. Co., the Inter-Ocean Reinsurance Corp. and the North Star Reinsurance Corp. reveals that out of 130 contracts 116 have earned either the provisional commission or in excess of the provisional commission, it can be seen that the provisional commission allowed by these companies is in line with ceding companies' experience. As a matter of fact, the provisional commissions allowed by these companies are usually in line with ceding companies' usual acquisition and handling costs.

We suggest that the recognized need for regulation is caused by a very few companies, yet the proposed regulation (making the use of minimum commission mandatory) is not necessary to the majority and will upset the work of many years of, and, be extremely detrimental to, the insurance industry.

Propose 10% Ceiling

However, recognizing the need of regulation as a safeguard to the various insurance departments between examinations, we recommend and propose that all companies which reinsure business on a sliding scale plan, where the provisional commission is in excess of the minimum commission, adjust, at all accounting periods, the provisional commission for that year to equal experience and then ascertain that the possible liability which results from the difference between provisional commission and minimum commission applied to the unearned premium reserve is not more than 10% of the policyholders' surplus. When this liability is in excess of 10% of policyholders' surplus, we would go so far as to recommend that

the entire liability be taken out of surplus.

This test can be very quickly and easily made. For example, a ceding company in order to calculate its experience at the end of any accounting period would have to know the unearned premium reserve on the business it ceded. Thus, should we take a company whose sliding scale had a provisional rate of 45%, a minimum rate of 37½%, a ceded unearned premium reserve at the end

of an accounting period of \$3,507,000 and a policyholders' surplus at the end of an accounting period of \$8,463,000, it would multiply the ceded unearned premium reserve of \$3,507,000 by the difference between 45% and 37½% or 7½% and verify that the result \$263,025 was not in excess of 10% of the policyholders' surplus of \$8,463,000.

Reason for 10% Figure

We have chosen 10% of policyholders' surplus because most states and the federal government permit insurance companies to expose themselves to any loss on any one risk to the extent of 10% of their policyholders' surplus. This comparison is made on the premise that it is no more logical to say that since a ceding company may have a bad experience in the future and if that contingency should occur they will be required to pay a return commission to their reinsurer than it is to say that any insurance company may have a bad loss or series of losses in the future and that, therefore, they should set up a substantial liability now for the bad loss or losses which may occur in the future.

Further, we are sure that all insurance commissioners will agree that any insurance company in a "going business" state usually has an equity in its unearned premium reserve of at least 33%

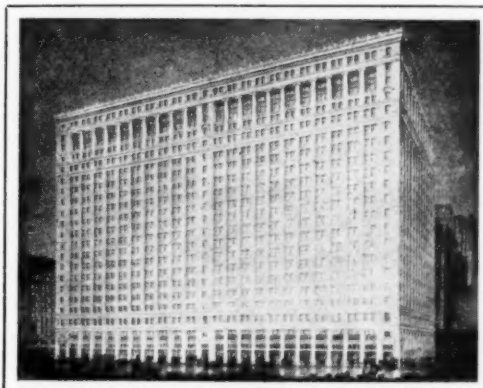
prior to income tax which would justify any possible risk as regards the allowance of liability up to 10% of policyholders' surplus.

Commissioner Maloney asked whether anyone had anything to say on the question of whether London Lloyds should continue to enjoy different treatment from other alien reinsurers. Mr. Maloney said that N.A.I.C. gave approval to a difference in treatment, but instructed the subcommittee to look into the matter further and determine whether this distinction should be permitted to remain. Mr. Maloney asked Thomas Healy of Mendes & Mount, the New York law firm that represents Lloyds in this country, to speak on this subject but Mr. Healy said there was nothing to say.

Hold Ala., Miss. Clinics

Dixie 1752 Club is holding clinics for mutual agents in Alabama and Mississippi this month. The Alabama meeting was at Birmingham Nov. 7, and the Mississippi gathering is scheduled for Nov. 15-16.

At Birmingham, President Marlin Moore of Alabama Mutual Agents Assn., reported on the national convention at Chicago. There were discussions of comprehensive personal liability, 3-D policies, and fire coverages.



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NEWS OF FIELD MEN

Security of New Haven Names Two State Agents

Security of New Haven has appointed Clifford W. Olson state agent for Min-

nesota with headquarters at Minneapolis. He has had wide experience in insurance, both in local agency and field work. He was formerly with American Surety Co.

Clifford F. Sollows has been appointed state agent for eastern Massachusetts and Rhode Island. He will succeed General Agent Alphonsus J. Murphy, who has served 32 years and will retire Dec. 31.

Mr. Sollows attended Northeastern University and served five years in the last war. He has had a long experience as a field man, recently with Boston and Old Colony. He will make his headquarters at Boston.

America Fore Names Two in Northern New Jersey Field

America Fore group has appointed Christopher J. Kennedy as special agent in northern New Jersey for American Eagle Fore, and Donald K. Morrison as special agent in the same territory for Niagara Fire.

Mr. Kennedy will assist R. J. Laier, state agent, and Mr. Morrison will assist R. H. Steele, state agent.

Mr. Kennedy joined America Fore in 1927 as map clerk in the engineering department and later was in the allied lines department. In 1928 he was appointed supervising examiner of the engineering department.

Mr. Morrison attended Carnegie Tech and was graduated from Yale in 1926. He engaged in rehabilitation work for the Hanover Bank prior to joining America Fore in 1939 as architect in the valuation department.

Riggs Shifts to Indiana Field for Crum & Forster

Crum & Forster has transferred W. F. Riggs from Missouri to Indiana as state agent in charge of the survey office. He will have general supervision of the field, and Max D. Miller, state agent, will have charge of servicing and production. Before going to Missouri three years ago, Mr. Riggs traveled the Indiana field for Crum & Forster.

Ray Snodgrass, special agent in Missouri, will succeed Mr. Riggs in that field.

Way So. Cal. President

LOS ANGELES—Southern California Fire Underwriters Assn. has elected these officers: President, Howard L. Way, Home; vice-president, J. W. Stevens, Jr., Royal-Liverpool; secretary, Carl Small, Great American; executive committee, J. C. Poltere, Aetna Fire; Howard Worth, Fireman's Fund; L. C. Simpson, Deans & Homer; Kenneth McMaster, Fidelity & Guaranty; James Cavanaugh, Crum & Forster; John C. Kirk, Security of New Haven; J. K. Dodds, America Fore; Ray Spielman, American.

A report was given on the inspection of Arcadia.

Loehnert Named in Ohio

Frank Loehnert, Jr., has been named special agent in Ohio for Crum & Forster with headquarters at Columbus. Mr. Loehnert is a graduate of Northwestern University. After service in the navy he went with Ohio Inspection Bureau, and more recently has traveled the state for Great American.

Inspect Redwood Falls

Minnesota Fire Prevention Assn., assisted by local Boy Scouts, inspected Redwood Falls. Robert Belford, state agent of London Assurance, showed fire prevention films and lectured at high school and grade school assemblies and Claude D. Casey, London & Lancashire state agent, association presi-

dent, addressed a luncheon meeting of area fire chiefs.

There was a full banquet program with Mr. Casey and Chester F. Gritton, New Hampshire Fire state agent, association secretary, as principal speakers.

Chapman to N. C. Post

Frank W. Chapman has been appointed special agent in North Carolina for Fireman's Fund group. He succeeds George A. Munford, resigned. His headquarters will be at Charlotte with J. B. Johnson and M. C. Gardner, special agents.

Mr. Chapman has been senior special agent for Florida for Fireman's Fund. He is an honor graduate in engineering from Georgia Tech and has seen service with the Southeastern Underwriters Assn. He started with Fireman's Fund after service in the navy.

Named by America Fore

John F. Cabossel has been named state agent in Arizona for America Fore to succeed L. E. Colburn, resigned. A. L. Busby, who has been in the San Francisco office, has been named special agent.

America Fore is also opening a hail department in Arizona with D. V. Scott in charge as state agent. He has been with the group in Wisconsin.

Ashland, Kan., Is Inspected

Kansas Fire Prevention Assn. launched its fall inspection schedule Nov. 7 at Ashland. George Gow of radio station KANS, Wichita, spoke at the schools and chamber of commerce luncheon. Secretary W. S. Gibbons, St. Paul, Wichita, was in charge.

To Hear Andrews, Venable

Charles H. Andrews, Jr., American National, will address Ohio Stock Fire Insurance Speakers Assn. at Columbus Nov. 12 on "Extra Expense." William Venable, Fidelity & Guaranty, will talk on "Governmental Intrusion in the Insurance Industry."

Phoenix Names Hamilton

Phoenix of Hartford has appointed John D. Hamilton special agent in western Pennsylvania with headquarters at Pittsburgh.

Mr. Hamilton is an experienced field man, a graduate of Syracuse University and served in the air force during the war.

Carleton to General Agency

M. A. Carleton, state agent for St. Paul F. & M. in the Rocky Mountain territory, has resigned to join the Reed Pennington general agency of Denver. Mr. Carleton has been in Denver since 1946 and has been with St. Paul for 16 years.

Courtney Back in Ga. Field

A. B. Courtney has rejoined Southern F. & M. of Atlanta as Georgia state agent. He previously was with that company in the Georgia field from 1937 to 1947, when he resigned to go into the general agency business in Mississippi. He was with the J. D. Helms general agency and later with the Cowan agency at Jackson.

C. of C. Group Entertained

The Sunflower Blue Goose puddle at Wichita had the Wichita Chamber of Commerce fire prevention committee as guests at its Nov. 5 luncheon to see movies of the "holiday against fire" demonstration and fire show given during Fire Prevention Week.

The fall "stag" scheduled for Nov. 1 was called off due to the cold and snow.

Kenosha Assn. of Insurance Agents is cooperating with Wisconsin Fire Prevention Assn. in planning for an inspection there Nov. 27-28.

Nebraska Fire Prevention Assn. will inspect Cozad Nov. 14.

MARINE

Marine People Broaden Time Hull Coverages

The committee on forms and clauses of American Institute of Marine Underwriters and the policy committee of American Marine Hull Syndicates have completed a revision of the time hull clauses, which is intended to clarify the wording of certain existing clauses and broaden the cover in a number of instances. It should result in a better policy for shipowners generally.

The following are some of the principal changes in the revised clauses:

The inclusion of "breakdown of motor generators and other electrical machinery." A more liberal basis of allowance

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A large and one of the oldest Western Life, Accident and Health companies, plans to completely revamp and revitalize its Accident and Health merchandising procedures. This creates an unusual opportunity for a capable and experienced man. He must know accident and health selling, contracts, merchandising methods and be able to apply this knowledge to the objective of increased production through an established and growing agency field force.

If you think you are the man—write giving age, experience, family status—all replies will be kept confidential. Address H-84, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

LONG HAUL PHYSICAL DAMAGE & CARGO

Southeastern general agency desires company to write physical damage or cargo coverages—have strong liability carrier engineering and safety cars, experienced personnel now servicing Georgia, Florida & South Carolina. Address H-75, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

Loss Examiners

Opportunity in Home Office for two men with experience. Apply: The Camden Fire Insurance Association, 5th and Federal Streets, Camden, New Jersey.

CLAIM SUPERVISOR EXAMINER AVAILABLE

Experienced Chicago Claim Supervisor, Examiner and Investigator and Adjuster—middle aged—30 years of experience. At present employed. Desires connection with local company. Address H-81, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

FOR SALE

Auto Insurance Agency for Sale—Operating on retrospective plan, more than \$100,000 annual premium income. Operating in Kansas City and St. Louis, Missouri. Will sell for less than one year's commission due to ill health. Address H-82, The National Underwriter, 175 W. Jackson, Chicago 4, Illinois.

WANTED

A general casualty &/or automobile underwriter with approximately 10 years experience preferably in the middle west, for Home Office of a multiple line insurance company. Must have ability to deal directly with agents, supervise and train other personnel. Splendid opportunity with excellent working conditions. Address H-83, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

WANTED TO BUY—LIFE A&H OR HOSP. COMPANY

We Are Interested in buying full control of a life, accident, health and hospitalization company in Indiana or Illinois or Wisconsin. Replies confidential. Address H-85, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

A GOOD OPPORTUNITY FOR

A solicitor familiar with insurance, ratings and appraisals. Our organization is familiar with this advertisement. Address H-86, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

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for lay up returns. A general revision of the disbursements warranty. A specific inclusion of "lightning and earthquake" in the perils clause. A specific inclusion of accidents while on drydock. The Inchmaree clause which includes loss or damage through contact with aircraft has been extended to cover contact with any land conveyance. The voyage clause has been completely revised to conform more closely with the conditions of present day navigation.

The revised clauses are being circulated as American Institute time hulls—Dec. 1, 1951, and have been officially adopted by the American Marine Hull Syndicates in covering risks bound on and after that date.

R. H. Bancroft, of the St. Paul group in charge of the marine department, and William Targerson, marine underwriter, spent last week in the Kansas field with State Agents Harlan Martin, Topeka, and J. K. Rippetoe, Wichita.

COMPANIES

New 80-20 Firm in S. C.

A new company to insure auto finance business on the 80-20 retrospective commission plan has been put together in South Carolina. It is called Atlantic & Gulf States and is located at Easley. Capital is \$100,000 and net surplus \$25,000. The president is J. A. Roper, who is also president of Easley Bank, Liberty Bank, Roper Motor Co., and Pendleton Motor Co. Vice-president is Homer Derrick, who is vice-president of the Easley Bank.

Fraser Paramount Director

Charles D. Fraser, president of Zweig-Smith-Fraser and Charles D. Fraser & Co., of New York, has been elected a director of Paramount Fire. His election fills a vacancy created by the death of Archie J. Smith.

Paul M. Jones, cashier of Old Phoenix National Bank of Medina, O., has been elected a director of Ohio Farmers and Ohio Farmers Indemnity. Mr. Jones' father, D. E. Jones, was a director and treasurer of both companies at the time of his death in 1945.

Copenhagen Reinsurance has entered California. Selbels, Bruce & Co. of Columbia, S. C., are U. S. managers. Carl N. Homer of Deans & Homer is named as agent for process in California.

NEW YORK

HONOR FUNCK'S 25TH ANNIVERSARY

In recognition of his 25th service anniversary, George A. Funck, Middle Department examiner of North British, was guest of honor at a departmental luncheon with Secretary R. T. Stewart as host. Also attending were President Hunter of the "Norbit Guards," Assistant Secretary Traynor, General Agent Casey and Messrs. de Gruchy and Wilber.

President Hunter inducted Mr. Funck into the "Guards," presenting him a gold inscribed wrist watch from the company. A pen-and-pencil set and other personal gifts were presented by departmental associates.

Jaffe Forums Prove Popular

The forums conducted by the Jaffe Agency in Brooklyn have established a reputation for educational value and now attract big crowds. The one scheduled for Nov. 13 on contractors and processors floaters and bailee policies will have the following panel experts:

Al Lowenkron, manager of the Jaffe marine department, contractors floaters; Fred North, manager inland marine department of Marine Office of America, processors floaters; and William Seaman, head I. M. Underwriter of New Zealand, bailee policies. The presentations will be followed by questions and answers.

House Committee to Study Consortium Bill

WASHINGTON — A bill to deny a wife the right to sue for the loss of her husband's "consortium" caused by negligence in an accident, for which he has already accepted compensation, was introduced by Rep. McMillan, South Carolina, chairman House committee on District of Columbia, and the bill will be considered by the House education and labor committee next year.

The bill is an outgrowth of the Hitafer case in which the U. S. Court of Appeals authorized the wife of a D. C. workman to sue for her husband's injury. An apartment house maintenance worker, he was injured in a fall from a ladder, and collected compensation under the D. C. workmen's compensation act.

Mrs. Hitafer then sued the apartment house owner for loss of her husband's "aid, assistance and enjoyment, specifically sexual relations." The district court dismissed the suit for lack of jurisdiction, but the Court of Appeals reversed, permitting the suit.

The McMillan bill would relieve employers from liability for loss of consortium to wives where compensation is previously awarded.

Sask. Seeks Reinsurance

REGINA—M. F. Allore, manager of the Saskatchewan Government Insurance Office, has left on a trip to Europe and the United States to discuss reinsurance arrangements. He will go first to Copenhagen to attend a conference of the reinsurance bureau of International Cooperative Alliance. He will also visit London Lloyds, as well as companies and brokers at Le Mans, France. On his return he will stop off at New York, Philadelphia and Chicago.

To Double Texas Cover

It is estimated that the new financial responsibility law which goes into effect in Texas Jan. 1 will double the number of cars insured for B. I. and P. D. liability, to more than 50% of the automobile population.

Nebraska C.P.C.U.'s Elect

John F. Zimmer, Jr., secretary of Capital Fire at Lincoln, Neb., was elected president of the Nebraska C.P.C.U. at a meeting held at Omaha recently. Arthur W. Pinkerton of Feland Pinkerton Co. at Omaha was

elected vice-president, and Forrest Riddell of National Surety at Omaha was elected secretary.

Stone New President of American Credit Indemnity

John F. McFadden has retired as president of American Credit Indemnity and is succeeded by August F. Stone.

Mr. Stone, a graduate of St. Louis University law school, started with the company in 1910 as an office boy and worked in nearly all departments. Since 1946 he has been vice president in charge of underwriting. He served in the army in the first world war.

Mr. McFadden, a graduate of the commerce school of University of Pennsylvania, joined American Credit Indemnity in 1913 as a special agent. He was elected president in 1922. He will continue as a director of Commercial Credit Co., American Credit Indemnity and American Health and also becomes chairman of the advisory committee of American Credit Indemnity.

Revise Cal. Assigned Risk Plan

California's automobile assigned risk plan has been revised to give relief to

companies when the insurance needed exceeds the 5/10/15 limits by permitting companies to take credit for two units of assignments under the plan in those cases.

Open Brokerage Agency

Jack Johnson and John L. O'Donnell have opened a brokerage agency in the Insurance Exchange building in Chicago. Mr. Johnson has been with the Magill agency in Chicago for nine years in charge of production of fire, inland marine and Lloyds. Prior to that he was with Jones & Whitlock. He also was with Casualty Mutual and with Continental Casualty.

Mr. O'Donnell has been Cook county agent for Hardware Mutual of Minnesota. He started with the company as a field man and became supervisor for five states out of Rockford.

Frank Madden of the Hartford office of National production authority spoke before Connecticut Field Club Nov. 5 at Hartford on "Production Shortages."

Western department branch managers of Manufacturers Casualty met in Chicago with Walter H. Vernier, vice-president of Manufacturers and Pacific National Fire.

Commercial Union - Ocean Group



The acts of Service rendered to you by the companies you write for, speak for themselves. Service denotes "doing," not merely intentions.

Surveys among agents indicate that you place high importance on this factor, when you choose the companies you wish to represent.

It takes years of actual experience with the day by day problems of agents and brokers in their selling of insurance, plus a co-operative Management policy, for a company to serve its producers helpfully and constructively.

The Fire and Casualty Companies of the Commercial Union-Ocean Group are proud of their standing as such companies. Our fullest co-operation is pledged to our producers in their business building efforts.

Commercial Union Assurance Company Limited

The Ocean Accident and Guarantee Corporation, Limited

American Central Insurance Co. • Union Assurance Society Ltd.

Columbia Casualty Co. • The British General Insurance Co. Ltd.

The California Insurance Co. • The Palatine Insurance Co. Ltd.

The Commercial Union Fire Insurance Co. of N. Y.



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ATLANTA

CHICAGO

SAN FRANCISCO

STOCKS

By H. W. Cornelius, Bacon, Whipple & Co., 135 So. LaSalle, St., Chicago
Nov. 6, 1951

	Div.	Bid	Asked
Aetna Casualty	3.00*	90	92
Aetna Fire	2.25*	51 1/2	53
Aetna Life	2.50*	81 1/2	83 1/2
American Alliance	1.50*	29 1/2	31
American Auto	2.00	39	41
American Equitable	1.50	23	24 1/2
American (N. J.)	1.00	21	22
American Surety	3.00	50	52 1/2
Boston	2.65*	62	64
Camden Fire	1.15*	20	21
Continental Casualty	2.50*	62	64
Fire Association	2.60	57	58 1/2
Fireman's Fund	1.60	50	52
Firemen's (N. J.)80	21 1/2	22 1/2
Glens Falls	2.40*	54 1/2	56
Globe & Republic80	12	12 3/4
Great American Fire	1.50*	35	36 1/2
Hanover Fire	1.60	33	34 1/2
Hartford Fire	3.00*	129	132
Home (N. Y.)	1.80	33 3/4	34 3/4
Ins. Co. of North Am.	2.50*	67	69
Maryland Casualty	1.00	18 1/2	19 1/2
Mass. Bonding	1.60	23	24 1/2
National Casualty	1.50*	29	31
National Fire	2.50*	58	60
National Union	1.60	35	36 1/2
New Amsterdam Cas.	1.50	22	23 1/2
New Hampshire	2.00	40	42
North River	1.20	26	27 1/2
Ohio Casualty	1.20	62	64
Phoenix, Conn.	3.00*	78	80
Prov. Wash.	1.50	26	27 1/2
St. Paul F. & M.80	32 1/2	34
Security, Conn.	1.60	30	31 1/2
Springfield F. & M.	2.00	42	44
Standard Accident	1.60	21	22 1/2
Travelers	14.00*	590	600
U. S. F. & G.	2.00	51	53
U. S. Fire	1.40	40	42

*Includes extras.

EDITORIAL COMMENT

Retirement and Public Service

An example that can well be studied by insurance men approaching retirement age is that of Edward C. Stone. For many years he was a commanding figure on the insurance stage (even literally, as head Pamunkey) while he presided over the affairs of Employers Liability in this country. And then seemingly almost as if not missing a stride he handed over the reins at Employers to Edward A. Larner and acquired new stationery reading: The General Court of Massachusetts, State Senate, Committee on Ways and Means, State House, Boston, Sen. Edward C. Stone, Cape and Plymouth District, P. O. Box 138, Osterville, Mass.

Since then Mr. Stone has been winning increasingly deeper measures of public admiration and recognition, even we are told some editorials wishing him for governor. The point is that a busy man, with undiminished intellect, vitality and capacity for leadership, immediately upon retiring from a commercial engagement, maintained his momentum and took on public and community service. Here is a lesson that many an insurance man, who is planning his retirement, can take to heart and pore

over. Everybody can't be a senator when he quits being an insurance man, but it is a rare ex-insurance man for whom there is not some kind of public or community position that could satisfy his appetite to keep constructively occupied, to live authoritatively and to do a work of noble note. We have never been too sympathetic with the laments of men who are about to retire that they have no hobby, for not to speak unkindly of successful men with fine hobbies, many of those who rue the lack of a hobby to fascinate their retirement, would not have lasted long enough to retire had they diverted enough attention to a hobby to make an absorbing occupation out of it.

The opportunities for a corps of able retired insurance men to keep their lives richly occupied in public service are limitless and preparation for such a second career can in itself be stimulating. Insurance people through their habit of conference, meeting, visitation, develop talents for dealing with human affairs that can easily and fruitfully be transferred into the public sphere, and what an enormous public relations answer that would be!

People and Money

To those who can remember the depression of the 1930s, the comparative ineffectiveness of money in these times is a constant surprise and frequently a frustration. A V.-P. was telling the other day about three girls who quit because the top executive wouldn't say good-morning to them. Hotels don't have rooms for \$15 a day anymore. You have to have \$15 and know someone on the hotel management staff as well.

When one company hires an executive from another concern, company A must not only get up a great deal of money, insurance and pension, it must also, and perhaps in the first place, make the man happy about the work he is going to do and the town in which he is going to do it, and make his wife happy about the district in which she is going to live.

The help doesn't accommodate itself to the boss, the boss must accommodate himself to the help.

If more and more people continue to deliver less and less material and service for more and more dollars, there is a point at which the economy will take off and start sailing through the sky.

That will be inflation, really.

On the other hand, people are, after all, more important than money. They are more important to management because no business can succeed without a lot of good, intelligent work by bosses and help alike. It used to be that money was the key to business needs. It is still of the essence, but there is a lot more of it, it is easier to earn or borrow, and there has been a corresponding shift of emphasis to manpower.

People are even more important than money to themselves. When they work, they are impelled to do so by three or four motives of a strength equal to or greater than the paycheck. One of these motives, for example, is a fair recognition of the value of the job they are doing and of their ability to do it.

Maybe it is a good thing that there is more money than people, or that there seems to be, if the thing doesn't go too far and hurt everybody. The circumstances at least are such that more persons are trying harder to get along with more persons. Those in charge have their minds on the pluses of a man. Not so often today do they

keep him aimed at perfection by calling attention to his faults only.

This increased recognition of human value to business is reflected in the fact that the prosperity of the last dozen years has been a golden age for those who understand and can apply management techniques. Management consultants have flourished, and the good ones have more than earned their fees. Their success is based essentially on getting the people in a company, management and workers, to understand better their jobs and each other

and their common objective of improving the company's product or service by improving its procedures and of increasing its profits by cutting out waste motion. These were things pretty well understood without saying when the company was young and everyone had to pitch in to make it go, but that became more difficult to see as the firm increased in size and complexity.

One conclusion easy to reach is that it is nice to have both money and people, and to have people trying to produce a better result with both.

PERSONAL SIDE OF THE BUSINESS

Morgan B. Brainard, president of the Aetna Life companies, spoke at the dedication of the William L. Mooney Auditorium at the Southbury Training School, Southbury, Conn. Mr. Mooney, who died in 1950, served four years as a trustee of the school, which cares for mentally defective children. He was a former Aetna Life vice-president.

Walter A. Robinson, Ohio superintendent, has returned to his home from White Cross Hospital, where he was taken a few days ago when he suffered an attack of indigestion in his office.

Mr. Robinson was very tired following ten days' travel attending hearings and conventions and will stay home for a few days, largely because of the cold weather. The doctor could find no trace of a heart condition.

George H. Olmsted, chairman of Hawkeye-Security, has been appointed commanding general of the 103rd army reserve infantry division. He had been assistant division commander. Mr. Olmsted, who was recalled to active duty by the army last December, recently was promoted to major general and is now director of military assistance in the office of the Secretary of Defense at Washington. The appointment as commander of the reserve division will not affect his active duty assignment.

W. C. Kadow, 78, head of the Franz-Schmitz-Kadow Co. agency, Manitowoc, Wis., and Mrs. Kadow celebrated their golden wedding anniversary Nov. 6. Mr. Kadow joined the Franz-Schmitz agency in 1893, and was made a partner in 1900. He became sole owner in 1937. His son, Eugene, has been with the agency since 1925. Mr. Kadow is still active in the agency and is at his desk daily.

Sir Stanley Norie-Miller, general chairman of General Accident, is going on to Atlanta for a visit with Langdon

Quin, the prominent general agent, after being in Chicago a few days with the General Accident organization there headed by Manager Jack Warren. This was his first trip to Chicago since 1923. There was a luncheon for him with the Chicago staff one day and a banquet Wednesday for department heads and agents. Mr. and Mrs. Warren were hosts at a cocktail party at their home at Evanston Monday.

Sir Stanley with Lady Norie-Miller went to Chicago from Toronto. They have been on this side of the Atlantic about a month. For a time the deputy chairman, Robert Simpson, was with them at Philadelphia, but he required medical attention and returned to London by air.

Charles A. Sweet, Sr., now living at Lincoln, Neb., who was 96 Nov. 7, still owns and is actively interested in a local agency at Palmyra, Neb., which is operated by his 62-year-old son, Charles A. Sweet, Jr. Mr. Sweet practiced law for 66 years, was postmaster at Palmyra and vice-president of the Palmyra bank. He fractured his hip in 1948 while still working at the bank and has been partly disabled since.

M. O. Allen, Tennessee insurance commissioner, is now recuperating at his home at Newport, Tenn., after being hospitalized for several weeks. He will probably have to be away from the office at least another month.

Form File Needed with the One-Write Policy

During the convention of Illinois Assn. of Insurance Agents at Peoria last week, there was considerable discussion of a point that was raised by Alvin S. Keys of Springfield, who happens to be legislative chairman of the association. Mr. Keys is much interested in the new so-called one-write fire insurance policy and in this connection expresses the belief that every agent either should maintain a permanent form file or attach a copy of the forms that are used to the copy of the daily report that he has in his office. Either of these systems will enable the agent to keep track of pertinent forms. Otherwise there is the danger that a form will be revised, the old ones chucked out, and a loss occurring on a form of which the agent doesn't have a copy, will cause embarrassment.

W. H. Redeker of Centralia, the new president of Illinois Assn. of Insurance Agents.



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DEATHS

JOHN M. HOLMES, 82, former secretary of Hartford Fire, died after a long illness. He started with Hartford Fire in 1886 when he was 17 years old, and was named secretary in 1935. He retired in 1946, after 60 years with the company.

L. N. EWING, well known general agent at Tulsa, Okla., died suddenly there. He had been thought to be in good health, having attended the recent Kansas City convention of Kansas Assn. of Insurance Agents. Mr. Ewing established his general agency in 1911 and operated both in Oklahoma and Kansas. He represented Louisville F. & M., Merchants Fire of Denver, and three companies comprising the Pearl-American group.

RAYMOND M. DAY, retired marine loss adjuster at the head office of American Foreign Insurance Association, died. After serving 25 years, he retired in 1947, because of ill health. Prior to joining A. F. I. A., he was with Chubb & Son from 1906 to 1921 and Shippers' Underwriting Agency from 1921 to 1923.

JAMES J. O'CONNOR, 57, assistant manager of the Travelers companies at Buffalo, died there after a long illness. He joined Travelers at Hartford in 1916 and transferred to Buffalo in 1922.

IRA J. TRENARY, 64, for 20 years general agent of the monthly premium A. & H. department of Provident Life & Accident at Chicago, died in a hospital at Berwyn, Ill. He had been in the A. & H. business for 38 years, starting at Kansas City with the old Southern Surety and then going to Chicago for that company. He went

with Provident L. & A. when it took over the A. & H. business of Southern Surety and had always been a big producer for that company. He had been active in Chicago A. & H. Assn. ever since its organization.

DAVID P. JONES, 38, president of the Gilchrist agency at Pittsburgh, died in Allegheny General hospital there after a short illness. He was a director of Insurance Club of Pittsburgh.

FRANK R. PARKER, 63, a partner in the Hamilton & Parker Agency of Wilsonville, Neb., died there. He was formerly a hail loss adjuster in Kansas, Nebraska, Iowa and Minnesota for Nebraska Hail Bureau, Cavanaugh Co. of Omaha and Hartford Fire. He edited a weekly newspaper and served as postmaster at Wilsonville. His son, Richard, Jr., became a partner in the agency last year.

EDWARD J. FALTYSEK, 66, of the Griffin, Ingram & Pfaff agency of Chicago, died at his home in Oak Park, Ill.

H. E. HOLMAN, veteran local agent at Hopkinsville, Ky., died following a heart attack. His agency was formed in 1916.

Washington Leaders Meet

The fall meeting of trustees and local association president of Washington Assn. of Insurance Agents will be held Nov. 9 at Seattle.

On the agenda are such subjects as investment of commissions earned on the Washington state liquor control board line which the association took over Oct. 1; an automobile accident prevention program and reports of standing and special committees. Some consideration will also be given to a legislative program.

Past presidents and committee chairmen also will participate in the session.

B. P. McMackin to Join "F. C. & S. Bulletins" Staff

Bernard P. McMackin, Jr., will become assistant editor of the "Fire, Casualty & Surety Bulletins" of THE NATIONAL UNDERWRITER at Cincinnati Nov. 19. He will have general editorial duties on the publications of that department, under the direction of J. C. O'Connor, executive editor.

Mr. McMackin's father is an agent at Brockway, Pa., and B. P., Jr., got his first taste of the insurance business there. He went with Home of New York as a map clerk in 1941 at the home office, becoming assistant examiner before entering the army in 1943. After two years' overseas service, Mr. McMackin completed his college education at St. Bonaventure University and then returned to Home as educational supervisor in the metropolitan department. Last year he became metropolitan special agent for Home, retaining many of his educational duties, and also served temporarily in the loss department during the 1950 windstorm.

Loss of \$150,000 at K. C., Kan.

A report on the Scottish Rite Temple fire at Kansas City, Kan., shows insurance loss of over \$150,000, about 50% of

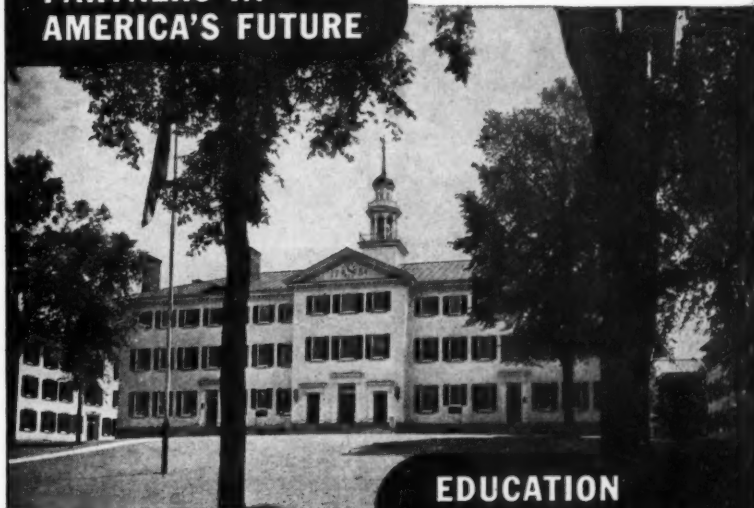
the coverage. Replacement value is thought to be probably 50 to 100% more than the insurance schedule. The fire destroyed all stage scenery, including 117 lifting curtains, stage equipment and roof of stage, partly cracked stage walls, damaged seats and organ in the auditorium balcony and generally smoked up the 2nd and 3rd floors, with some water damage on the first floor. Wood floor surfacing on the stage and in auditorium was only slightly damaged. The cause is undetermined, although it appears to have started on the stage.

The fire department, which used 30 firemen and 3,600 feet of hose, prevented total destruction and remained six hours doing salvage work.

Appoint Wash. Committees

President Allender S. Brown of Washington Assn. of Insurance Agents has announced committee appointments. Chairmen are: Casualty contact, Thomas A. Harman, Seattle; educational, LeRoy Hunter, Seattle; fire contact, R. C. Jenner, Seattle; fire prevention, Roger Leidy, Walla Walla; legislative, Herb Wilson, Everett; membership, Stanley Levens, Yakima; rural agents, Don Reed, Wenatchee; traffic safety, Leonard Arbon, Spokane.

PARTNERS IN AMERICA'S FUTURE



EDUCATION AND INSURANCE

Insurance companies have long been noted for their public service. Their investments in municipal bonds enabling cities and towns to provide additional modern school facilities for the education of youth is a further example of such service.



On the other hand, when public schools and colleges want sound insurance protection for their property, they are proud to turn to capital stock companies for most of their insurance. The New Hampshire Group is pleased to include many outstanding educational institutions among its insureds.



NEW HAMPSHIRE
FIRE INSURANCE COMPANY

Incorporated 1869

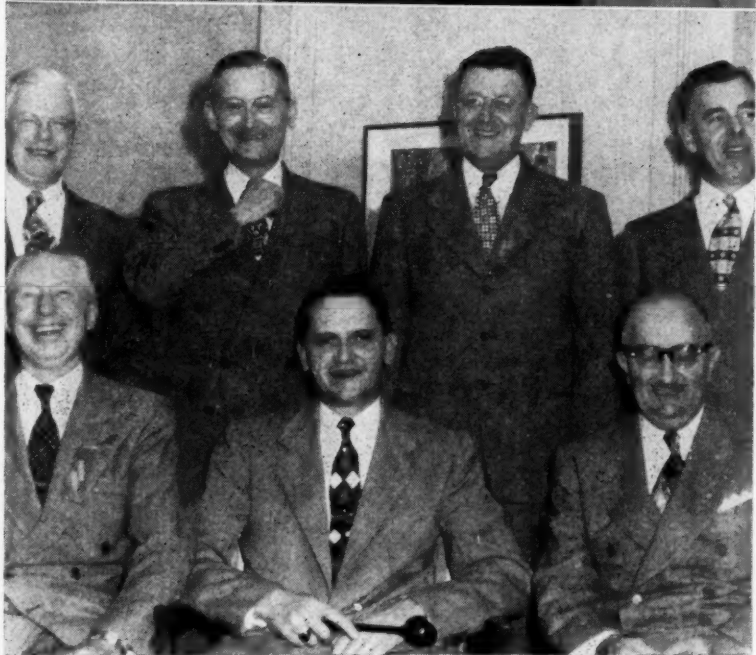
MANCHESTER, NEW HAMPSHIRE



GRANITE STATE
FIRE INSURANCE COMPANY

Incorporated 1885

MANCHESTER, NEW HAMPSHIRE



Views at Massachusetts Agents Convention:

(Above)—J. L. Moffitt, assistant vice-president of Crum & Forster; Mrs. L. K. Mason, Malden; W. A. Elwell, Gloucester; Mrs. Elwell, and John E. Shennett, state agent of Crum & Forster, Boston, at C. & R. headquarters.

(Below)—Front—H. D. Barnes, Pittsfield; Graham Smith, Brockton; Dana J. Lowd, Northampton; back, H. Tenney Gage, Haverhill; W. S. Attridge, Boston; George D. Nirick, Shelburne Falls, and Frederick H. Woodward, Lynn.

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ALMOST EVERY MEASUR-
ABLE HAZARD IS INSUR-
ABLE AND REINSURABLE.
OUR MULTIPLE LINE
SPREAD COVERS THE
FIELD EFFECTIVELY,
CONVENIENTLY.

Employers Reinsurance Corporation

J. B. ROBERTSON, PRESIDENT

KANSAS CITY

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Corrigan Named as New President of Missouri Agents

**Oppenheimer Executive
Committee Chairman,
Dunham State Director**

JOPLIN, MO.—James V. Corrigan of Cape Girardeau was named president of Missouri Assn. of Insurance Agents at its annual meeting here.

Mr. Corrigan also is president of Southeast Missouri Insurance Agents Assn. As president of the state association he succeeds George Oppenheimer of Oppenheimer Brothers agency, Kansas City. Mr. Oppenheimer was elected chairman of the executive committee to succeed John J. O'Toole, F. D. Hirschberg & Co., St. Louis.



Geo. Oppenheimer

Other officers elected are: First vice-president, Joe Jackson, Jr., Maryville; 2d vice-president, Oden Prowell, George D. Capen & Co., St. Louis; 3d vice-president, Fred V. Griffith, Jr., W. B. Johnson & Co., Kansas City; secretary, Robert Chapman, St. Louis; state national director, William Dunham, Mercantile Insurance Agency, St. Louis; Bennett G. Gregory of St. Louis is executive secretary.

Praise Agents Flood Activity

A resolution was adopted expressing appreciation for the efforts of the Kansas City and Kansas and Missouri agents for their untiring efforts during and after the devastating flood, in looking after the welfare of the flood victims and for their efforts in calling on company executives for a suitable form of insurance protection that would serve to alleviate any future catastrophe of this nature.

Another resolution expressed appreciation to John J. O'Toole for his many years of valued service and instructed the officers to arrange a suitable testimonial. Appreciation also was expressed for the efforts of the administration and member agents in behalf of legislation affecting vital phases of the business.

There was much discussion of the suggestion of having affiliate members of the association, which would include office employees and anyone connected with the agencies in one classification; then company representatives in another classification. A committee headed by Joe Jackson, Jr., of Maryville, was appointed to implement and study the idea.

Early Bird Breakfast Held

An "early bird" breakfast for outstate agents was held Friday morning with Donald Black, Cape Girardeau, chairman of the outstate agents committee, conducting a round table discussion of insurance matters pertaining to farms and small towns. Those taking part in the forum were: Leslie Willson, U. S. F. & G., St. Louis; P. C. Chambliss, Home, Kansas City; Nathaniel R. Evans, Aetna Casualty, St. Louis, and Robert McDonald, Fireman's Fund, St. Louis.

At the first general meeting, with Mr. Oppenheimer presiding, the mayor of Joplin, H. Chris Oltman, welcomed the visitors.

Western Casualty of Fort Scott held a buffet luncheon Friday. A talking pic-

PRINCIPAL OFFICIAL SPEAKS

Tails to F.R. Law Kite in Manitoba Give Answers

How Manitoba makes sure that victims of negligent driving are compensated was set forth Tuesday at the Chicago convention of National Assn. of Independent Insurers by R. B. Baillie, commissioner of taxation and registrar of motor vehicles for Manitoba.

Particular reference was made to the Manitoba unsatisfied judgment fund and the automobile impoundment feature. The problem, he said, is to insure that the victim of the uninsured motorist is adequately compensated. The way in which this is answered has far-reaching implications "which affect all of us either directly or indirectly."

Manitoba was the first province to adopt the safety responsibility type of law which originated in New Hampshire, but "as one of my American friends very aptly puts it, Manitoba added a couple of tails to the kite."

These tails, he said, go a long way towards answering the objections that are heard with respect to the safety responsibility type of legislation.

Cites Bohlinger Talk

Mr. Baillie quoted Superintendent Bohlinger of New York as stating that the major objection to the safety responsibility law is that one bite is permitted the car owner before he is required to carry insurance. Critics point out that it is only after the accident that the offender is required to either desist from operating his car or to post security and insure against future accidents. Obviously the suspension of driving privileges of a judgment proof motorist is little solace to the victim.

This, Mr. Baillie declared, is where the unsatisfied judgment fund comes in.

When the Manitoba law was passed in 1945, it contained a provision whereby each owner of a motor vehicle was required to pay with his registration fee, an extra sum of \$1, which was deposited in a special trust fund called the unsatisfied judgment fund.

Any judgment creditor who can satisfy a judge of the superior court that he is unable to collect on a judgment arising from personal injuries or death, through the negligent operation of a motor vehicle, may obtain an order on the UJF good up to \$5,000 for one victim, or \$10,000 for one accident.

On the filing of the judge's order and an assignment of judgment with the provincial treasurer, payment is made.

There are now approximately 900,000 people in Manitoba, 160,000 motor vehicles, and 200,000 operators of motor vehicles.

In 1946 there were slightly over 100,000 motor vehicles and there was consequently paid into the fund, in that

ture, "Your Insurance Policy," was shown.

Louis H. Antoine, assistant vice-president of American Automobile, spoke on "The Cheapest Loss to Settle Is the Loss That Never Occurs"; Edmund J. Boyce, St. Louis local agent, on "The Younger Generation—Our Future Insurance Buyers"; Fred H. Doenges, regional vice-president of Fidelity & Deposit, St. Louis, on "Bonding 'Know-How' Is Profitable"; Joseph F. Leopold of Dallas on the "Stock Insurance vs. the Mutual Insurance Tax Problem"; Alpha Kenna, executive-secretary of the Kansas association, on "Leadership" and Orron D. Evans, Standard Underwriters Agency, St. Louis, on tax problems confronting insurance.

There was a dinner dance the evening of November 2, with entertainment furnished by the Cimarron Ins. Co., Cimarron.

year, slightly over \$100,000.

Because there were no claims on the fund in the first year, the levy was reduced in the second year (1947) to 50 cents.

Due to an increase in motor vehicle registrations, sufficient was collected in the second year to bring the total amount of the fund to \$172,000.

No levy has been necessary since 1947 and a levy will not be necessary until 1953.

As a matter of fact, there is slightly over \$100,000 still in the fund.

In other words, at a cost of less than 10 cents per motorist per year, all unsatisfied judgments will have been taken care of for a period of seven years.

In 1947 the benefits of the fund were made available to the victims of hit-and-run motorists.

Obviously, the victim could not sue the motorist who did the injury. To overcome this, provision was made for the victim to sue the registrar as nominal defendant.

Having established his case and recovered his judgment, he then proceeds against the fund in the usual way.

Total amount in the fund as a result of 1946 and 1947 levies was \$172,000; total number of claims to July 31, 1951, 32 totalling \$64,900; total number of ordinary claims, 21; total number of hit-and-run, 11; balance in fund at July 31, 1951 including interest, \$109,911.

The problem of indemnifying the victim of the negligent uninsured driver can be solved in a more comprehensive manner than by compulsory insurance, he asserted. Under compulsory insurance there are inevitably drivers who will take a chance and drive without insurance. Under compulsory insurance, what about the victim of hit-and-run accidents? What about victims of out of state drivers?

"Is our object," he asked, "to try and see that every motorist carries insurance, or, is it to see that every victim of negligent driving receives reasonable compensation?"

Discussing the impoundment feature of the Manitoba law, he said, in most safety responsibility laws, provision is made for the suspension of driving privileges of the uninsured motorist involved in an accident. Inevitably, there is a lapse of 30 days or longer, between the time of the accident and the time that the suspension becomes effective. In the intervening time the motorist not only drives; he may dispose of the car which otherwise might be seized by the judgment creditor in part satisfaction of his judgment.

For this and other reasons, the Manitoba law provides that any motorist involved in an accident, where there is damage over \$50, or bodily injury or death, who is unable to produce to the police officer, proof of financial responsibility, has his car forthwith impounded until he deposits security or obtains a damage release and files proof of financial responsibility for the future.

The only type of evidence of insurance that the police are authorized to accept is a Manitoba motor vehicle liability insurance card. These cards are supplied in blank to the insurers, and then they in turn complete the card before furnishing it to the insured.

Thanks largely to the impoundment feature, the number of insured vehicles in Manitoba zoomed from an estimated 30% before passage of the law to 87% at the end of the first year. It has been climbing more gradually since, but is currently running about 93%.

The impoundment feature really ac-

(CONTINUED ON PAGE 31)

Independent Body Holds Its Largest Annual Parley

**N.A.I.I. Convention at
Chicago Draws 500—**

W. C. Searl New President

W. C. Searl, secretary of Auto-Owners of Lansing, was elected president of National Assn. of Independent Insurers at the annual convention at the Edgewater Beach Hotel, Chicago, Wednesday. He succeeds Walter L. Hays, president of American Fire & Casualty.

This was a record convention of close to 500 and the big problems of the day, especially in the automobile field, were tackled with determination.

Vice-presidents are I. S. Markel, American Fidelity & Casualty; Irving J. Maurer, Farmers Mutual Automobile of Madison; C. L. Morris, Illinois National Casualty; Lynn Matteson, Mutual Service Casualty; Arthur Eppstein, Oregon Automobile; Col. C. E. Cheever, United Services Automobile; Paul M. Colburn, Protective Fire of Seward, Neb.

New treasurer is Carl M. Russell, secretary of Farmers Mutual Liability of Indianapolis.

Mr. Searl graduated at University of Michigan law school in 1920, after having served as an army lieutenant in the first war. He practiced law at St. Johns, Mich., and in 1928 became general counsel of Auto-Owners. He has been a director since 1928 and secretary since 1941. He is a former president of Conference of Mutual Casualty Companies. He is a past president of Lansing Chamber of Commerce. A son W. C. Searl, Jr., is assistant manager of the fire underwriting department of Auto-Owners.

The governing committee had a long session Monday evening on the proposed statement on the automobile accident situation and the insurance aspects of it. The various issues were finally resolved and the statement was approved by the membership late Tuesday afternoon but was held back for the time being because the joint industry committee on the automobile insurance problem is holding a highly important meeting at New York Friday and the industry position is likely to be revealed following that meeting.

E. J. Dirksen, assistant Illinois insurance director, extended greetings. He mentioned the coincidence that E. M. Dirksen, the U. S. Senator from Illinois, was to be the N. A. I. I. luncheon speaker that day.

The response was by Irving J. Maurer of Farmers Mutual Automobile of Madison, vice-president of N. A. I. I. He said the cohesive force among the companies of heterogeneous nature in N. A. I. I. is their pronounced and ardent desire for independence. They want elbow room to engage in freedom of action. They covet an atmosphere to make changes when changes are in order—an atmosphere that is healthful for development of the free enterprise system. They recoil from excessive persuasiveness or uniformity. He counseled the state officials to keep in mind that all progress is change, and he adjured those in the business to heed the fact that all change is not progress.

Manager Vestal Lemmon in his re-

(CONTINUED ON PAGE 31)

Carlson Views Current and Future Regulation Issues

Regulation is here to stay and only a proper appreciation of its impact on all parties can reconcile conflicting interests that will make it work effectively. This is the conclusion of Thomas O. Carlson, actuary of National Bureau of Casualty Underwriters, in the paper on rate regulation and the casualty actuary he presented at the spring meeting of Casualty Actuarial Society.

Because of the wide interest in Mr. Carlson's paper, the society has issued an advance reprint of it from its proceedings. It is available from the society at 60 John Street, New York, N. Y. at \$1 a copy.

Unfavorable Time

The changes in rate regulation which followed the S.E.U.A. case could not have come at a more unfavorable time, the study brings out. The business was emerging from a wartime without significant statistics, economic conditions were unsettled, an inflationary spiral was under way and a tremendous expansion in writings was just ahead.

Among the favorable developments in regulation he notes are establishment of greater regularity and reasonableness in reporting and review of experience and

in determination of rates, emphasis on consistency in rate making procedures, stimulation of research, and uniform accounting developments.

Unfavorable developments include development of too conservative rate revision programs, loss of income due to delays by state officials in acting upon rate submissions, unreasonable emphasis on individual state data where such information too frequently is too sparse to be significant and too great emphasis on statistics and a formula as a universal and infallible substitute for informed judgment.

Problems Just Ahead

Among the problems Mr. Carlson sees directly ahead are the need for research in excess limits tables, in fire rate making philosophy in relation to casualty property lines and in single limit liability contracts. A gap exists today in the servicing of individual risk requirements, and he suggested that any risk producing an annual premium of \$25,000 at manual rates be subject to (a) rate treatment—individual risk rating with underwriting judgment.

This would help eliminate company

administrative costs of handling many of the larger risks and produce as equitable rates as the present rating structure does.

Mr. Carlson also covered pre-S.E.U.A. regulation, post-S.E.U.A. legislation, statistical plans, and manual rate making procedures.

Two Systems Closer

He reviewed the principles underlying the approach of National and Mutual bureaus on one hand, and National Assn. of Independent Insurers on the other, to compliance with the state legislative provisions for recording and reporting statistics. He points out the dangers of the idea of a double standard applicable to rating organizations as compared with independent filers, but presents the arguments on both sides, and pays tribute to what the N.A.I.I. has accomplished among the independent insurers. He suggests that the two systems are gradually drawing together. A separate and rather complete review is given of the far-reaching allocated claim expense controversy, and it is noted that the National Bureau has adopted a procedure which was endorsed by the all-industry committee on that matter, providing for the reported losses and allocated claim expenses to be extended to include unallocated claim expenses so that the "permissible loss ratio" in the future will include total claim expenses.

It must be re-emphasized that the determination of rates is not an automatic process but that judgment enters that determination at every step of the way, he says, whether rates be established on a formula or as a direct result of judgment considerations. Any filer operating in a number of states certainly must have regard to examination by the National Assn. of Insurance Commissioners and must develop procedures which can stand the test of such examination, particularly with reference to possible charges of unfairly discriminatory treatment of one state as compared with another. The rate regulatory laws are founded on the premise that competition is to be preserved in the insurance business. As long as that premise prevails it is equally important to preserve flexibility in rate making procedures.

Opens New Tex. Unit on Eve of New Auto FR Act

The new Texas branch of State Farm Mutual Automobile at Dallas opened for business Monday under the direction of Sumner Roberts who formerly directed the Illinois operations from the home office.

More than 60 employees were transferred to Dallas and additional members of the staff are being recruited locally.

The office was opened to provide facilities for handling the automobile insurance expected to be written as a result of the new Texas safety responsibility act, effective Jan. 1.

Metropolitan Life Marks 30th Year in Individual A. & H.

Metropolitan Life this month is marking its 30th anniversary as a writer of individual A. & H. insurance. In its announcement the company says that it welcomes the entry of other large life companies into the individual A. & H. field, feeling that competition will "undoubtedly be in the interest of the insuring public."

Metropolitan has recently made available to anyone eligible for the company's regular ordinary life policies the individual A. & H. coverage, and is also making A. & H. disability income benefits available to business and professional women in a new policy.

Robert A. Vogeler will tell the story of his 17-month imprisonment behind the Iron Curtain when he speaks before the Aetna Men's Club at Hartford.

N.A.I.I. HEARS PORTER

Points to Fire Lines as Profit Saver for Casualty Companies

Casualty companies not writing fire lines are missing an opportunity to safeguard their chances to show an over-all profit on operations, Baxter M. Porter, vice-president of American Fire & Casualty of Florida, asserted at the annual meeting at Chicago of National Assn. of Independent Insurers.

Even though business is good, Mr. Porter said certain conditions confront casualty companies today which make profit not only doubtful, but practically impossible. He believes sooner or later they will catch up with experience, but until then they will have to resort to certain lines that can be counted on to produce a profit to tide them over. Fire insurance is one of these, he said, because "we are dealing with something concrete. If the cost of construction increases, insurable value increases and you are paying a loss based on the down-to-earth value of something, rather than the immeasurable sympathy of a jury whose opinion might have been swayed by an eloquent attorney or the sight of a crippled victim." He noted that there has been a trend to reduce fire rates, adding this indicates that fire lines have been profitable nationwide.

Essentials Are Similar

Essentials for writing fire are somewhat similar to those for other lines, according to Mr. Porter. A good agency force, security, and facilities to handle agents' production are necessary. The casualty company branching into fire has a great advantage in that it can avoid many of the dangers which already have been discovered. By following the methods of fire companies with similar financial structures, the casualty insurer can start writing fire without too much of a gamble.

To insure maximum profit, Mr. Porter advised conservative underwriting. He cautioned against writing special hazards, because along with the large premiums they develop, there also are large losses. He would leave these lines to the specialty companies which are equipped to do the necessary inspection and engineering. Mr. Porter said reinsurance plays an important part when expanding to fire lines. It enables smaller companies to write larger lines, protects the surplus of the companies increasing their volume and affords catastrophe cover over a concentration of risks. Reinsurers have a cross-section of the business which it is difficult to obtain elsewhere, and they can offer invaluable information as to experience on lines by class and territories as well as to what type of treaty will best suit the individual company.

To prevent impairment of financial rating, Mr. Porter recommended that companies hold fire lines down. When large lines are written, necessitating a large amount of reinsurance, the prospects of underwriting profit are reduced. Mr. Porter commented that the five-year annual renewal plan, which makes it possible to reserve on an annual basis, has helped overcome the big problem of branching into the fire field. He urged that companies do all they can to get the plan approved in all states. Aside from the problem of reserves, he said that it keeps agents in a more solvent position and it makes the public happy because they can buy term discounted insurance with annual payment of premium.

Abilene, Tex., Agents Elect

New officers of Abilene (Tex.) Fire & Casualty Insurance Exchange are Raymond Flesher, president; Roy Skaggs, vice-president, and Miss Ada Greer, secretary.



Thanksgiving

When gathered together to count blessings, the family whose prosperity is protected from accident and sickness expense can be extra thankful.

The far-sighted employer can make this important protection available to his employees through a ZURICH GROUP WELFARE PROGRAM.

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A VALUABLE ADDITION TO YOUR AGENCY

As your agency grows, customer relations become more and more important. The public, increasingly aware of the value of the services offered by established insurance agencies, places its business with the organization which appears best equipped to offer these services.

One of the best ways to add to your prestige as a real service-giving agency and to stay ahead of competition is to take another capable man into your organization. And one of the best ways to make such a man helpful to you quickly, and to insure his and your success, is to send him to The Travelers Casualty, Fire and Bond School.

At The Travelers school, the young man you select will receive six weeks of classroom sessions, sales demonstrations, clinics and individual instruction from men who themselves have been successful insurance producers. Your young man will come back thoroughly trained, confident and a valuable addition to your agency.

The nearest Travelers Casualty Manager will be glad to explain the qualifications required of training school applicants.

THE TRAVELERS INSURANCE COMPANIES HARTFORD, CONNECTICUT

Mich. Cancellation Alternatives Studied By State Department

A number of companies express the view they would rather continue their present practice of canceling casualty policies in Michigan by ordinary mail with a one-cent return card, and, in event of dispute, continue the risk to expiration or pay a claim rather than conform to the burdensome legislation that was enacted in Michigan and that passed unnoticed until just recently when it was called to the attention of the companies by the Michigan department. The situation was reported in THE NATIONAL UNDERWRITER on page 18 in the edition of Oct. 18. The law provides that for cancellation of a casualty policy other than workmen's compensation or A. & H., to be valid there must be sent to the insured by registered mail, return receipt requested, a five-day written notice of cancellation with or without tender, etc.

The law requires notice of cancellation to the insured by registered mail, return receipt requested. The inclusion of the phrase "return receipt requested" indicates legislative intent that the transaction be a personal one between the company and the insured. Therefore, unless a member of an insured's family has a power of attorney to sign the insured's name, the insured must personally sign the return receipt. In order to get a proper signed receipt, the insured must sign it, thereby necessitating personal delivery to the insured. This extra service costs 20 cents.

In order to make the cancellation valid under the statute there must be used registered mail, return receipt requested, and the postage cost here is 53 cents per transaction including 25 cents for registered mail, 5 cents for return receipt, 20 cents for delivery to

the addressee personally, plus the regular 3-cent stamp. To the extent a company deviates from this procedure it is running the risk that, in the event of dispute, the courts will rule the cancellation void.

As a practical matter, the companies have found the procedure of canceling by ordinary mail, with the one-cent return card, very satisfactory. The addition of registered mail with the receipt signed by anyone will suffice in virtually all instances. Even so, the cancellation will not meet the statutory test for validity.

It is understood the Michigan department is not inclined to compel the companies to follow the statutory requirements for a valid cancellation and that it will sponsor legislation to remove this headache.

Broadens Auto Policy

Citizens Mutual of Howell, Mich., which wrote nearly \$8 million of auto premiums last year, has got out a new automobile policy that is broader in some respects than the standard. The deductible under the collision coverage is waived if damage results from a collision with another automobile insured by Citizens for P.D.L. The medical payments coverage has been broadened, somewhat along the lines of the coverage offered by General Accident, American Auto, Continental Casualty and other major deviating companies.

Coverage is extended to assured, spouse and children residing in the household while riding as guests in private passenger autos.

Offers Teachers 25% Off

A special filing has been made by National Indemnity of Omaha offering 25% reduction in automobile rates to members of the Oregon Educational Assn. Investigation by Oregon Assn. of Insurance Agents found that under Oregon law the filing was a legal one.

Suit Ratio Table Branded as Worthless

THE NATIONAL UNDERWRITER has received a letter from an actuary criticizing the idea of forming any judgments from the comparative showing of companies in respect of the number of suits outstanding in a company in relation to the earned premium.

Such a comparison, he opines, does not reflect a true picture. If the endeavor is to show how many claims a company lets go to suit then the comparison should be the number of suits to total number of claims reported. "However, I have no idea how you would get the information from the companies as to the total number of claims reported," he said.

The results, he goes on to say, are particularly distorted for a company that reinsures its auto liability business to a very low limit. Such a company must report in schedule P the total number of suits outstanding at the end of the year without any credit for reinsurance.

"Incidentally," he says, "the number of suits pending at the end of any year does not, in my opinion, have any bearing on the total liability of the company. For some years I have contended that the information called for is of little or no value."

"I am sure that you will agree that very few suits could be settled for \$750 which is the value of each suit occurring under policy years reported in the second period of schedule P. I. do not believe the value per suit has been changed in the last 15 or 20 years. As a matter of fact, I think these values are the same as they were when I worked on my first annual statement about 35 years ago."

American F. & C. Asks for Injunction Against Navarre

LANSING, MICH. — Hearing has been set for Nov. 20 in county circuit court here on an action brought against Commissioner Navarre by American Fidelity & Casualty to block the Michigan department's recent orders affecting Markel Service.

The company seeks a restraining order against the commissioner to prevent "interference" with its business and a court determination to outlaw the department's attempt to collect premium taxes and penalties claimed to be due on the basis of the Markel Service operations.

The commissioner several weeks ago held that the so-called "service agreement" between Markel Service and client trucklines was legally an insurance contract upon which a full premium tax should have been paid. The department demanded back premium taxes of \$82,328, plus a penalty of \$14,130. It also held that Markel Service was soliciting insurance without possessing an agent's license.

Ask Bond from U. S. Drivers

TORONTO — Ontario Insurance Agents Assn. is seeking a law under which American and all foreign automobile drivers will be required to post a minimum bond in the event that they are involved in automobile accidents in Ontario. The argument is that a number of U. S. tourists are responsible for accidents in Canada and, after promising to pay costs, deny their liability when they get back home. Canadian agents say that they are losing clients because of this.

M. W. Lewis at Richmond

Martin W. Lewis, general manager of Surety Assn. of America, will be the main speaker at the Insurance Day sponsored by the Insurance Club of Richmond, Va., Nov. 13.

A. D. Fonville, president of the club, will preside. Mr. Lewis will discuss "The Rising Trend in Fidelity and Surety Loss Experience." Following his address there will be an "Insurance, Please" quiz program, with members of Fire Insurance Field Club, Casualty & Surety Underwriters Assn. of Virginia and Richmond Assn. of Insurance Agents participating.

First Crack Appears in WSB Ice

WASHINGTON—The wage stabilization board has announced that it will permit a tripartite subcommittee to approve, by unanimous consent, certain minor types of readjustments and increases in employee benefit plans dealing with group life, A. & H. and hospitalization.

These permit an employer who already has a plan to extend it to other geographical units of the company; to extend it to smaller units of employees within the company, or to adopt improvements that will result in "relatively small" changes in the benefit level.

The WSB bulletin makes no mention of pensions.

Sues to Beat U. S. to Funds

LOUISVILLE—Employers Liability has filed suit in federal court here in an attempt to have its claim given priority over a government claim on \$29,224 unpaid on an Anderson county school contract.

In 1949 Employers bonded May-Built Construction Co. on a contract for \$370,505 to build four schools. When May-Built quit work in 1950, Employers completed the schools at a cost of "several hundred thousand dollars" over the contract price.

The federal government has filed liens against the firm for \$26,447 in back income taxes and \$13,355 withholding and social security taxes. Employers contends that its bond contract in 1949 makes its claim superior to the liens filed in 1950 by the government.

Plaque to Detroit Agency

Detroit Insurance Agency was presented with a bronze plaque for 25 years representation of Standard Accident.

J. P. Hacker, Standard vice-president, tendered the plaque to George W. Carter, agency president, at a Detroit Club luncheon.

The agency has been in business for more than 50 years.

Surety Assn. of America will hold its annual luncheon for the insurance press Nov. 29 in New York City.

NON CANCELLABLE A. & H. COVERAGES

CHECK THESE SPECIFICATIONS

- ✓ 1. Accidental Bodily Injury Insuring Clause.
- ✓ 2. "His Occupation" Definition of Total Disability.
- ✓ 3. Non-aggregate coverage for as long as 120 months or to age 65—House confinement never required.
- ✓ 4. Lifetime Accident if desired.
- ✓ 5. Waiver of Premium after 90 days.
- ✓ 6. Liberal Hospital and Surgical Benefits on an optional basis.
- ✓ 7. Policies Guaranteed by one of America's oldest and largest Accident & Health writing companies.

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PROVIDENT LIFE AND ACCIDENT Insurance Company
CHATTANOOGA

MORE THAN 54 MILLION DOLLARS PAID IN BENEFITS IN 1950 ALONE



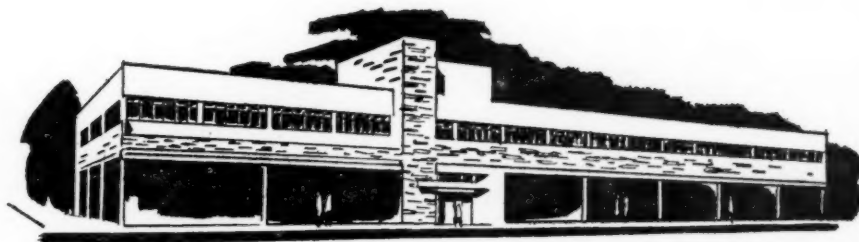
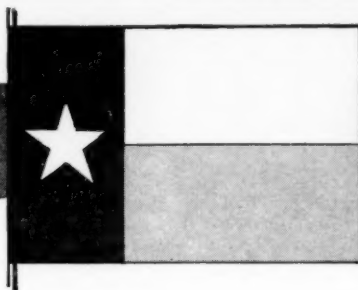
That's the total paid in a single year to Mutual of Omaha policyowners who were sick, injured, or hospitalized... and to their families. It was an average of over \$149,000 a day for every one of the 365 days of 1950.

Today more than 2¼ million policyowners have that peace of mind that comes from providing for their own protection in the American way, with a low cost Mutual of Omaha policy.

Mutual OF OMAHA

The Largest Exclusive Health & Accident Company in the World

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Announcing... State Farm's New Texas Office

6131 Luther Lane, Dallas (5), Texas

To keep pace with its growing membership in the Lone Star State, the State Farm Mutual Automobile Insurance Company opened an office in Dallas on November 5. The new Texas office will accommodate 200 employees in its 25,500 feet of space. Claims adjustments and policyholder services will be handled under the supervision of this office, supplemented by field claim offices in strategic locations to afford Texas members the rapid, efficient service State Farm has always tried to maintain.

State Farm Insurance Companies

State Farm Mutual Automobile Insurance Company
State Farm Life Insurance Company
State Farm Fire and Casualty Company



Home Office: Bloomington, Illinois • Branch Offices: Lincoln, Nebraska • Berkeley, California • St. Paul, Minnesota • Marshall, Michigan
Dallas, Texas • Toronto, Ontario

ACCIDENT AND HEALTH

Battleson Heads Cal. Assn. of A. & H. Managers Clubs

LOS ANGELES — California Assn. of A. & H. Managers Clubs at its annual meeting here elected these officers: President, S. S. Battleson, West Coast Life; vice-president, Reginald A. Farquhar, Home Indemnity; secretary, Rangal York, Fireman's Fund Indemnity, all of San Francisco.

Henry Childress, associate counsel of Pacific Mutual Life, made the principal address of the convention on "The New California Minimum Standards for Dis-

ability Policies." He declared S.B. 711 was not a benefits bill but one providing standards. He said he envisioned abuses of the law by maverick companies, which if not handled properly might be disastrous to the business.

He reviewed the differences that developed with the California department in regard to its interpretation of various sections of the measure and the long series of conferences, both at Los Angeles and San Francisco. He mentioned the change in the bill through stopgap legislation and expressed the belief that the "bugs" had been pretty well worked out of some of the controversial sub-

divisions. He said foreign companies probably will have to have special California policies. He believes the bill as a whole will accomplish its purpose and be a benefit to the business.

Mark S. Trueblood, Union Central Life, president of Los Angeles Life Underwriters Assn., expressed the opinion that A. & H. insurance is in the front line against state medicine and state indemnity and that the life producers are with the A. & H. men in the effort to promote free enterprise.

Walter G. Gastil, manager of Connecticut General Life, paid tribute to the late Harold R. Gordon, and then presented the Harold Gordon plaque to William E. Lebby, state manager of Massachusetts Indemnity, as the outstanding A. & H. man of the year.

He has been district manager at St. Louis of Federal Life.

He is a past president of St. Louis Assn. of A. & H. Underwriters.

Carl A. Ernst Addresses St. Louis, Wichita Groups

The necessity for individual agent support of International Assn. of A. & H. Underwriters through active or associate membership in their local associations was emphasized by Carl A. Ernst, North American Life & Casualty, president of the International association, in his talk to A. & H. Underwriters Assn. of St. Louis. He also reviewed some of the effective sales methods being used by his agency.

He stressed the need for practical training of A. & H. agents, deploring that few companies have educational courses for new agents. He then touched on the steps that have been taken by the International association, including the school to be conducted at University of Illinois Dec. 3-5.

Mr. Ernst also addressed an excellent turnout of Kansas association members at Wichita. He said he expects to visit 50 local associations before his year ends June 1, during which he will have traveled 50,000 miles. He paid tribute to Bert A. Hedges, Kansas manager of Business Men's Assurance, International association executive board member and zone chairman, who was the organizer of the Wichita and Kansas associations. He said he wished there were more men like him — and more associations like the Wichita association.

Tells Hypertensive's Role in Disability Underwriting

Underwriting disability insurance is a greater responsibility than underwriting life insurance because an alleged morbidity rather than mortality is being underwritten, Dr. William H. Scoins, chief medical director of Lincoln National Life, stated in a talk at Chicago at the annual meeting of Institute of Home Office Underwriters.

According to Dr. Scoins, many asymptomatic hypertensives use this finding as tangible evidence of a totally disabling condition and readily assume the role of at least semi-invalids to obtain the support of their physicians, ultimately effecting successful claims. He indicated that perhaps the best index to a totally disabling condition as a result of hypertension, not relying on subjective symptoms, would include intractable cardiac decompensation, history of cerebral accident, renal insufficiency, coronary occlusion, mental confusion or serious psychological disturbance over a period of time. Without such complication, he pointed out, it would not be harmful and might be of benefit to the subject to continue his usual occupation.

Announce Speakers for Tex. A. & H. Sales Caravan

Speakers have been announced for the sales congress of Texas Assn. of A. & H. Underwriters to be conducted at Houston Sept. 3; Austin Dec. 4; Dallas Dec. 5; Wichita Falls Dec. 6, and Oklahoma City Dec. 7. They are: Louie E. Throgmorton, Republic National Life, Dallas; Walter Schmitz, Occidental Life, Los Angeles; Rex H. Anderson, Great-West Life, Winnipeg; and Travis T. Wallace, president of Great American Reserve of Dallas.

Option on Hospital Expenses

The new hospital expense policy of National Accident & Health of Philadelphia, offering benefits for individual families from \$3 to \$12 daily up to 100 days, provides for the selection of miscellaneous expenses on an optional basis. The applicant may select such benefits on an unallocated basis in units of \$25, \$50, \$100 or \$150, irrespective of the amount of daily benefits. Op-

Prudential Names Five Men to Key A. & H. Positions

Prudential has appointed five new men to key posts in its sickness and accident program. Heading the list are Howard E. Narlee, who has been named assistant director of sales and service, and Leon L. Tracy, who joins Prudential as senior training specialist of the S. & A. department.

Mr. Narlee has been with Loyal Protective Life. He entered insurance with that company in 1946, and was made general agent at Buffalo in 1948, later transferring to Boston. He has been a member of the A. & H. Assns. of Buffalo and Boston.

Mr. Tracy started with Aetna Life in 1940 as a field man. In 1948 he became a general agent of Loyal Protective at Springfield, Mass. He rejoined Aetna two years later and since then has been an associate partner in its general agency at Hartford.

Arthur W. Whalen and Paul F. Fasi have been assigned to underwriting posts, and William J. Spencer assigned to S. & A. claims.

Mr. Whalen has been with the A. & H. department of Reliance Life. Mr. Fasi has been with Aetna Life's home office A. & H. department and Mr. Spencer was a claim service representative of Travelers at Los Angeles.

Philpott to Gen'l American

Frank R. Philpott, who is especially well known in the A. & H. field but has also been writing \$500,000 a year of ordinary life in addition to supervisory work, has been appointed district manager at St. Louis for General American Life.

He entered insurance in the 1920s and was a general agent in Massachusetts before going to St. Louis in 1928 to open a general agency for Monarch Life. He held that position 14 years and then was co-general agent of Columbian National Life for five years. Recently

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DEPRECIATION INSURANCE

High prices and increased construction costs have disrupted the best managed programs of maintaining proper depreciation reserves for fire and catastrophe losses.

Our coverage is designed to fill the gap between the depreciation reserve and actual depreciation loss. Written on buildings or equipment for any property regardless of size.

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tional surgical fees in or out of the hospital are also available in units of \$100, \$150, \$200 as per schedule. Out-patient accident emergency treatment up to \$25 is also provided. The policy will be issued to adults and children age one month to 80 years and there is no limit as to the number of hospital confinements in any year. The daily room benefit may be purchased without miscellaneous or surgical coverages. The policy pays a flat 10 times for maternity on the family plan after having been in force for nine months.

Florida Assn. Holds Fall Meeting at Miami Beach

With four speakers discussing various aspects of A. & H. insurance, Florida Assn. of A. & H. Underwriters held its fall meeting at Miami Beach.

The main session opened with Deputy Commissioner E. A. Faircloth talking on "New A. & H. Coverages." He was followed by Granville Fisher, head of the psychology department at University of Miami, on "Applying Psychology to the A. & H. Business."

George Beltz, Bankers Life & Casualty, Tampa, covered problems of the agent, speaking on "Making Sales Count." Rev. Richard E. Blanchard, associate pastor of the First Methodist Church, Orlando, who also was heard at the association's Orlando meeting spoke on "A Life in Your Hands."

The previous day, there was a directors' meeting, followed by a cocktail party. Frank Gabor, Educators Mutual, Miami, president of the association, presided.

Hospitals Seek Cooperation

The importance of hospitals cooperating with insurers writing hospitalization insurance was stressed at a meeting of Oklahoma City A. & H. Assn. Bryce Twitty, administrator of Hillcrest memorial hospital, Tulsa, emphasized the need of working together in the interest of countrywide coverage.

He said that while the cost per day of hospitalization has materially increased, the actual cost of hospitalization is reduced by greater facilities available for shortening the period of hospitalization. Where a patient formerly spent several weeks recovering from an operation, today he can leave the hospital within a few days.

Crutchfield with Craftsman

Craftsman has appointed Grady A. Crutchfield of Jacksonville state manager for Florida.

Mr. Crutchfield has been with Professional Insurance Corp. of Jacksonville for 12 years as sales manager and assistant to the president. He has served for several years on the executive board of International Assn. of A. & H. Underwriters.

Take Over Cal. Health Assns.

LOS ANGELES—Judge Frank Swain of superior court has issued orders directing Commissioner Maloney to take over as conservator the assets and business of Pacific Health Service Assn. and Union Mutual Medical Assn., both of Los Angeles. The former has been operating all over the state. The latter's field of operations aside from Los Angeles is a moot question.

The petitions alleged that the activities of these organizations, two of several unlicensed and unregulated so-called health service organizations operating out of Los Angeles, constitute the illegal transaction of insurance.

Travelers Names Four

Travelers has announced four appointments in life, accident and group lines.

William I. Fleming, manager at Winnipeg, Man., has been appointed in the same capacity to Peoria, Ill. Albert G. Arnold, manager at Peoria, has been

appointed assistant manager at San Francisco.

Luther J. Hargroves, assistant manager at Charlotte, N. C., has transferred his headquarters to the agency branch office in the Palmetto State Life building, Columbia.

M. Groudin has been appointed field supervisor at Montreal.

Mutual Life in Conference

Mutual Life of New York, which recently announced its intention to enter the A. & H. field, has become a member of H. & A. Underwriters Conference. J. M. Wickman is to head its A. & H. department.

The Blue Shield unit for southern Illinois serving about 33 counties with headquarters at Alton has canceled its contract with Group Hospital Service of St. Louis, and instead is to be affiliated with Illinois Hospital Service of Rockford.

Tennessee Valley Life of Jackson, Tenn., has entered the A. & H. field. L. M. Honeycutt has been named A. & H. agency director.

Great American Reserve of Dallas will hold its 1952 sales convention at Monterey, Mex., March 9-13.

CHANGES

Eureka Casualty Names

J. V. Gosline President

Joseph V. Gosline has been elected president of Eureka Casualty. He is a native of Philadelphia, former actuary of the Pennsylvania department and well known among insurance men. He joined Eureka in 1948 and has served as executive vice-president in charge of operations.

Jackson Production Manager

Charles E. Jackson, former field man for Standard Accident at Chicago, has been named production manager there to succeed T. O. Malmstone, who was recently made manager at Milwaukee. He started as a safety engineer at Louisville in 1936 and was at Indianapolis, Detroit and Atlanta before going to Chicago.

Swett & Crawford Shifts

H. Don Carlson, in charge of bond operations for Swett & Crawford at Oakland for two years and before that

for 11 years at Los Angeles, has been transferred back there to direct bond production throughout southern California. Merle A. Green, assistant manager in the bond department of Founders at San Francisco, succeeds Mr. Carlson at Oakland. Alvin Blankenship has been appointed chief casualty underwriter at Oakland and Ben Newby has been transferred as an underwriter from Los Angeles to New Orleans.

Peterson in Western Conn.

Hartford Accident has appointed John F. Peterson fidelity and surety special agent, operating out of Hartford and servicing western Connecticut.

He has been with Hartford since 1947 and for four years has been a fidelity and surety underwriter in the agents' service department for New England and eastern New York.

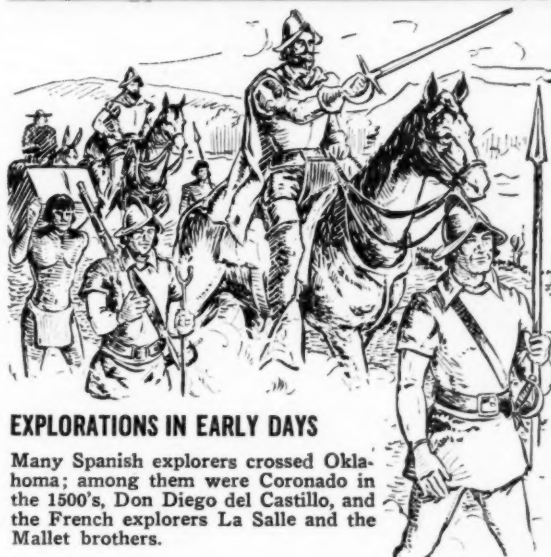
Reassign 8 Field Men

Eight field supervisors in casualty, fidelity and surety lines have been reassigned by Travelers Indemnity.

They are: Gordon P. Small from Syracuse to Rochester; Charles E. Moorefield from Baltimore to Richmond; William J. Adams from Boston to Baltimore; H. Robert Karl, Jr., un-

HIGH SPOTS IN HISTORY

23: OKLAHOMA



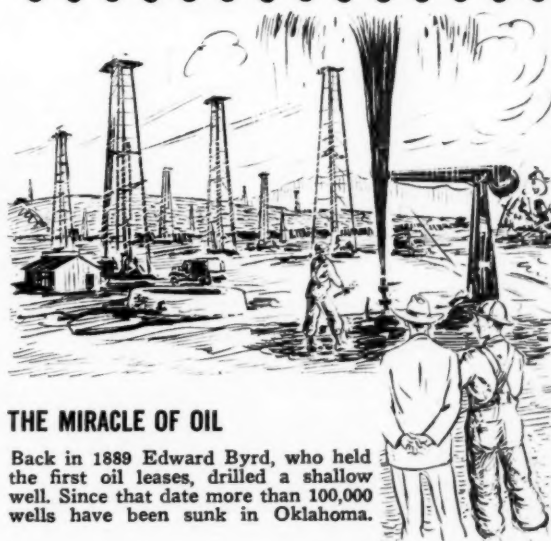
EXPLORATIONS IN EARLY DAYS

Many Spanish explorers crossed Oklahoma; among them were Coronado in the 1500's, Don Diego del Castillo, and the French explorers La Salle and the Mallet brothers.



OPENING OF INDIAN TERRITORY

The government opened the Indian territory for settlement in 1889. In less than 24 hours more than two million acres were staked out by land hungry families.



THE MIRACLE OF OIL

Back in 1889 Edward Byrd, who held the first oil leases, drilled a shallow well. Since that date more than 100,000 wells have been sunk in Oklahoma.

ALSO A HIGH SPOT . . .

. . . in many insurance agents' careers is when they join Hawkeye-Security and Industrial's great team.

They build volume because always they get the best in home office co-operation.

Comprehensive coverages . . . prompt settlements and every home office assistance build sales.

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assigned, to Jacksonville; Raymond M. Ladson from Peoria to Washington; Terrence E. Olson, unassigned, to Toledo; Raymond J. Reed, unassigned, to Newark; and John R. Turner, unassigned, to Syracuse.

Quigley Joins Tripp & Co.

Van H. Quigley, formerly claim manager in Texas for Standard Accident, has been appointed assistant general manager of Murrell R. Tripp & Co., independent adjusting firm of Lubbock, Tex., which also has branch offices at Abilene, Odessa, Plainview and Snyder. He had been with Standard Accident 31 years in Michigan, Washington, D. C., and Dallas.

Opens Roanoke Regional

Allstate opened a regional office at Roanoke, Va., with Paul Briney as manager. It will serve Virginia, West Virginia, Maryland and District of Columbia.

Melvin Belli, San Francisco attorney who has become prominent as a "plaintiffs' attorney" in personal injury cases and a leader among that segment of the legal profession, addressed Casualty & Surety Claims Assn. there.

Features of Manitoba Law Reviewed

(CONTINUED FROM PAGE 23)

celerates the demand for B.I. and P.D. By increasing the percentage of insured drivers, it reduces the number of potential claimants on the UJF. By reducing the number of potential claims on the fund, it enables the fund to operate for years for a negligible amount per year. It stimulates claim settlement by the uninsured motorist. It preserves the car as an asset which the judgment creditor can seize under execution.

It reduces tremendously the paper work and administrative cost of operating a safety responsibility law, because the only files that require any action, are those files in which a car has been impounded—and even with respect to these files the motorist comes to the registrar. At present, only 7% of the files require action.

A generous estimate of the annual cost of administering the responsibility law in Manitoba would be \$15,000 or less than 10 cents per motor vehicle per year.

The benefits of the law including the UJF are extended to non-residents, and by the same token, the enforcement provisions, primarily the impoundment feature, also apply to non-residents.

Any insurer who has qualified with the Manitoba superintendent may obtain a supply of liability insurance cards for distribution to any insured contemplating a trip to Manitoba. Production of this card to the police officer eliminates the possibility of impoundment.

The car of the insured non-resident, who cannot produce the Manitoba card, will be impounded, but it will be released within 24 hours of the time when the authorities are notified.

Questions Are Asked

In answer to a question Mr. Baillie said Manitoba undertakes to make this a safety law in fact as well as in name. Only when the licensing bureau is well integrated with the division handling the financial responsibility feature can there be the full impact of the law from a safety standpoint.

Manitoba is engaged in a highway safety program modeled on the pattern of the Truman conference. All new drivers and casualty drivers are tested along with offenders who come afool of the law. On the first test 62% of the applicants failed. There is a driver improvement clinic and those who fail attend this and subsequently pass. The Connecticut point system is used. Any one involved in an accident gets a warning letter and is assessed one point.

A speeder draws two points, dangerous driver six and an invitation to enroll in the driver improvement clinic; drunken driver, 10 points. Any driver getting eight points or more must enter the driver clinic or suffer suspension of license.

Mr. Baillie was asked whether the driver testing has been extended to teen-agers or "do they learn to drive by accident." Mr. Baillie said 15% of the drivers are under 25 and they cause 28% of the accidents. Manitoba, he said, is going to tackle the teen-age problem. More testers are needed. Presently there are seven.

Henry Moser, general counsel of Allstate, asked what percentage of owners whose cars are impounded make a deposit of securities or furnish releases to get repossession of cars. The answer is that last year there were 18,000 accidents, 1,300 cars were impounded mainly for P.D.L. accidents, 100 of those had insurance, security was given in 100 cases and with respect to practically all of the rest releases were furnished. Practically none of the cars were still in the pound at the end of six months.

Mr. Moser asked whether there is further agitation in Manitoba for compulsory insurance. Mr. Baillie replied that the socialists at every session of the legislative body introduce a resolution for compulsory insurance but this is always voted down in a few minutes. There is no unrest on this score so far as the government party is concerned. One of the newspapers that once favored compulsory insurance and took a dim view of the present program is now giving somewhat grudging approval of the present scheme. The other principal newspaper is enthusiastically for the system.

Kirk Landon, president of American Bankers, asked about the rights of a finance company in connection with impounded cars. Mr. Baillie said there is no exception in the law. Why, he asked, should not the finance companies see that the car owner has B.I. and P.D.L. cover as well as the physical damage coverage.

Owen Hunt, independent adjuster of Philadelphia, asked whether any accidents involving collision with a tree or curb, etc., are dressed up as hit-and-run cases. Mr. Baillie said there had been none such. The injured party has to get leave to sue the registrar and at that time the facts can be pretty well sifted.

Mr. Baillie years ago was with Travelers, first at Winnipeg and then for a time in 1930 at the home office in the life and A. & H. department.

Employers Re Still Buffeted

A further drop in surplus was reported by Employers Reinsurance during the third quarter reflecting additional underwriting losses. Employers continued to set up substantial reserves, terminated unprofitable accounts and resorted to greater selectivity in its writings.

Premiums written showed increases in all lines except auto liability, miscellaneous liability and workmen's compensation. Volume in these lines was voluntarily reduced, as the experience sustained in the last two years necessitated a cutback. Writings in the three lines will be down about 50% by the end of the year.

Surplus on Sept. 30 was \$6,430,689, against \$7,121,723 three months earlier and \$10,109,243 at the start of the year.

Reserves for claims totaled \$29,837,405, a gain of \$2,343,584 for the third quarter and \$6,661,868 for the nine months.

Employers has consistently followed a conservative program with respect to reserves and as a result substantial increases in the incurred but not reported loss reserves have been made, a spokesman said.

"While there has been some loss in surplus due to the experience in the liability and workmen's compensation reinsurance lines this year, the company's position remains quite strong," he said.

Assets were \$52,174,693, with \$3,645,915 in cash, \$41,101,344 in bonds and \$6,231,223 in stocks.

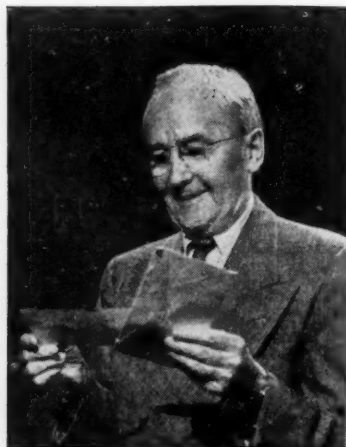
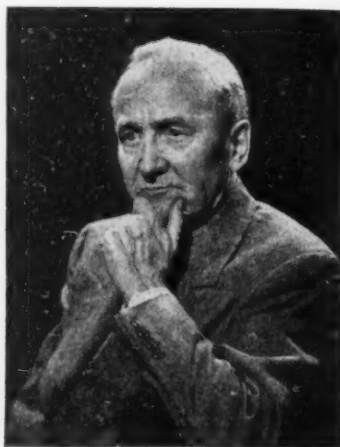
Net investment income on a statutory basis, before income taxes, amounted to \$723,120 for the nine months of 1951, compared with \$658,827 a year earlier.

John R. DiCello, Jr., who studied business administration at University of Wisconsin, has joined his father's agency at Kenosha, Wis.

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PROBLEM:

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"I want to take care of it but how in the world will I handle it?"



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Independent Group Has Record Meet

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port said that more than 200 member and subscriber companies of N. A. I. I. will have premiums this year exceeding \$800 million.

The main problems of the day, he said, are the alarming automobile loss record, inflationary spiral, the pressure on the part of some insurance departments for more rigid regulation, the activity of federal trade commission, the excess loss and reinsurance deficit and the agitation for compulsory insurance.

"Word has come to me," he said, "that because we and some of our companies do not happen to agree with every regulation that is suggested or promulgated that we are obstructing the proper regulation as contemplated under the rating acts. Since when has it become a crime in this country for people to have honest differences of opinion? Is it expected that we as an association, or our member companies, should be led around by the nose and should kowtow to every command without even having the courage to exercise an expression of opinion? It is the belief of this group that everyone should have the right to express himself."

This association never, he said, throws stumbling blocks in the way of real progress. "Our purpose is to offer constructive criticism, to offer logic and to espouse the doctrines in which we believe and to follow through in seeing that they are presented at the proper time and in the proper place."

"In many phases of our business there have been joint meetings between the industry and the commissioners but in some instances unfortunately, I think, rules and recommendations of a nature substantially affecting our business have been announced without the industry having had an opportunity to discuss the problem. Naturally, there are going to be differences of opinion in some cases even on final rules as they are promulgated but certainly there is an inherent weakness, in my judgment, in promulgating sweeping regulations without first affording interested parties the opportunity to give an explanation of their position. Often times it has been my experience that many of these actions come about by misunderstandings and could have been avoided by advance consultation."

There is, he said, a tendency upon the part of several supervisory officials to require more and more detailed statistics. In recent weeks the bureau has made automobile liability rate filings in a great number of states.

"There are a large number of independent companies that have, in the past, used the bureau rates and desired to continue charging bureau rates. Consequently, as the states have been approving bureau revised rates, certain independent companies have followed their normal procedure by filing identical rates of the bureau. In some states these companies have been asked by the insurance department to furnish supporting data to justify charging bureau rates. This is clearly a situation where supporting information need not be required."

One view is that if an independent filing company chooses to file the rates promulgated by a rating organization they should be required to assume the same standard of permissible loss ratio and expense provisions as is used by the rating organization. It goes on to provide that the statistics of an independent filing company should then be compared with the standard division of the premium dollar to determine whether the rating organization's rates adopted by them would be excessive or inadequate for the independent company's use. The further suggestion is made that an independent company's filing that varies from the rates of a rating organization should be verified by review of the independent company's experience in relation to the permissible ratios of the rating organization.

These requirements, Mr. Lemmon as-

serted, were never intended under the rating acts. This forces an independent company to secure from the insurance department data which is presumably already on file and submitted by the rating organization, and reproduce such data and refile it with the department because usually the individual company will not have a sufficient amount of data, particularly the small and medium size company, on which to base its own rates. However, such an independent filing company could, rather than to go through all this red tape, become a member of the rating bureau and the rates of the rating bureau would automatically become approved for the company. Does this change the relationship of excessiveness or inadequacy of the rate between the insured and the insurer? By indirection such a procedure has the tendency to force many small companies to become members of a rating organization which is exactly contrary to the whole concept public law 15.

The N. A. I. I. automobile statistical program is now acceptable in all states requiring the reporting of such data with the exception of New Jersey and, of course, Massachusetts has its own B. I. statistical plan under the compulsory law.

The statistical plan for other casualty lines is approved in all states requiring the reporting of such experience with the exception of Connecticut, Louisiana, Maine, Massachusetts, New Hampshire, New Jersey and New York.

Enters Crop Hail Fields

N. A. I. I. has entered the fire and crop hail statistical fields. N. A. I. I. has adopted the standard classification of occupancy hazards as approved by N. A. I. C. in 1946 and as published by National Board. In all states requiring the reporting of such experience "we have received approval with the exception of Georgia, Mississippi, New Jersey, Virginia and West Virginia."

The N. A. I. I. statistical committee approved the issuance of a call for the excess limits experience on a voluntary basis from member and subscriber companies for the last three months of this year. This is to be gathered and compared with the available experience for 1946, 1947 and 1948. One of questions to be considered is whether this type of call should be made mandatory and continued.

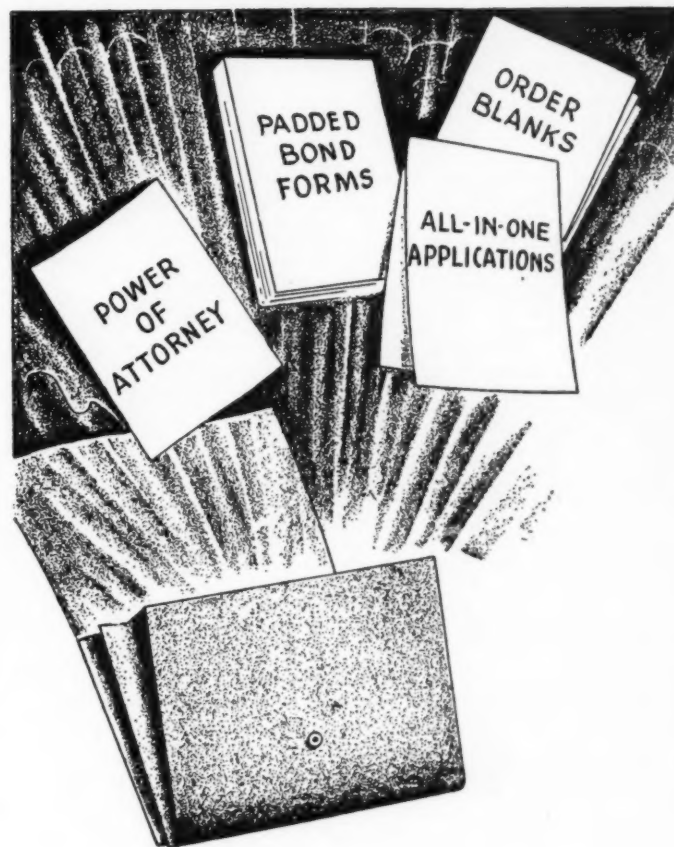
There were investigations initiated alleging that some of the companies were neglecting or refusing to pay small property damage liability claims. N. A. I. I. made a survey through its companies operating in Illinois, Indiana, Iowa, Kansas, Michigan, Missouri, Nebraska, Ohio and Wisconsin. This survey of nearly 500,000 property damage claims showed a distribution of property damage liability paid claims by amount of payment as follows: up to \$25, 43.9%; \$25-50, 23.7%; \$50-100, 16.8%; over \$100, 15.6%.

Approximately 85% of these claims were under \$100. "This," he said, "should lay at rest these rumors that the companies are not paying the small claims."

Uniform Accounting

Uniform accounting will continue to be one of the most important subjects confronting the industry, he said. "It may be that uniform accounting can serve a useful purpose, if it is confined to the proper sphere. Too often, however, it seems that regulation of this character drift beyond the original scope and by the very nature of their operations delve into management itself."

Regulation 30 in New York came into being, and was designed primarily to determine the breakdown of expenses of fire companies. "It was found, of course, that companies writing other lines had to break down their expenses in order to get any accurate picture as to the expense element for a particular



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line. While the expense exhibit in workmen's compensation was designed, among other things, to secure rate-making figures, and likewise since most of the big fire companies in the east belonged to rating bureaus, I assume that that information was to be gathered for a similar purpose. The various other lines including automobile and casualty, as you can see were included for a different purpose. The expense exhibit and uniform accounting could never have been designed for ratemaking purposes on lines other than workmen's compensation and fire, particularly for independent companies.

"It will be remembered that there was strong argument by some very potent groups in the industry during the formulation of the commissioners' all industry bills to establish rates on a pure premium or loss cost basis using the combined loss experience of all companies, then adding thereto the particular expense of the individual group or the individual company in the case of an independent filer. This philosophy was rejected overwhelmingly, and there was substituted the principle in the rating bills that variations or deviations by an individual company are permissible where a company can show differences in expenses or loss cost or both.

"There seems to be growing concern that expenses of officers and other individuals in a company may not be uniformly allocated by every company alike. It occurs to me that this goes beyond the original conception of uniform accounting and is taking over the judgment of management. The whole program will become a farce if a president of a company is required to keep a time sheet showing just how much time he devotes to a particular department or function.

"Too much refinement is not only expensive but it is unnecessary. I assume that one of the purposes of getting the expense exhibit is to try to see that companies keep their expenses down, and yet on the other hand, if they are to be burdened by a number of additional refinements both in the expense and loss cost reportings, there is no way of keeping expenses down. On the other hand, expenses are bound to go up.

Action on Schedule

This September another progressive step was taken by the commissioners of zone 6 at Seattle in indicating that schedule P should no longer be required. The commissioners of Washington and California, as I understand, proposed to ask their legislatures to remove the schedule P formula from their laws. These are the only two states in that zone in which the formula is written into the law. There are 16 states, that have the formula written into the law.

"Schedule P had its origin back in the employer's liability days before workmen's compensation laws generally came into being. The amount of the judgments varied to such a degree that it was quite a problem at that time for companies to estimate proper case reserves. That situation no longer exists because workmen's compensation laws are in force throughout the country with set benefits. Then in the liability field the companies have had a lot of experience since 1915. On test checks it has been proved that the difference between the reserves set up and the amounts finally paid in the aggregate have been inconsequential. This matter of the schedule P requirement was considered by our blanks and uniform accounting committee and they recommended its elimination.

"The schedule P matter has been blown up as quite a mystery, and as the only salvation to keep companies solvent. If schedule P ever served any useful purpose, no longer can it be contended that its use is required. If any company has been kept solvent by the formula, I can't think of the name of it."

Mr. Kline said consideration should be given to the adoption of an interpreta-

tion of uniform accounting instruction which would make mandatory use of specified allocation bases both for expense groups and lines of business in the allocation of executive and supervisory salaries.

Mr. Higgins asked if anyone had any suggestion as to a rule that could be applied. Mr. Mills declared this would be the hardest place in the world to lay down a rule.

Mr. Vanderfeen opined that a rule could be gotten up but that it would not give the correct answers.

T. F. Tarbell of Travelers said the best division of expenses is the chief executive's own analysis. Travelers, he said, gets from their chief executive a written memorandum each year on this matter.

Another accountant said that an unweighted division of time has no meaning insofar as an executive is concerned. He might make a decision in a half hour that would be more important than anything he would do for the next two or three months. In any kind of a proper analysis, the importance of what he does as well as the time he spends on things would have to be taken into consideration.

H. F. Walton of Allstate said that the judgment of the chief executive itself is the only criterion that has any significance. The salary of the right type of president is the smallest expense that a company has. A salary should be distributed from a truth standpoint rather than from a formula. In the lobby one of the accountants said that his president would have to say that 95% of his time this year has been spent on allocation of expenses.

Asks About Rule

Mr. Higgins then asked whether the rule should specify that distribution should be based on the opinion of the chief executive and substantiated by someone else. Mr. Walton said this is the most difficult problem in cost accounting, and then it was time to go to lunch.

Walter Sheldon of W. A. Alexander & Co., Chicago, who is vice-president of National Assn. of Insurance Agents, attended the hearing in his capacity of chairman of the regulation 30 committee of N.A.I.A. He was accompanied by J. Huell Briscoe of the Chicago consulting firm of Chase Conover & Co., who is developing average cost figures of agencies. Mr. Sheldon asked for postponement of action on any proposal to revise the treatment of commissions in expense analyses. He stated that there are a number of points to be reconciled between the J. B. Clancy proposal and the points brought out in the memorandum by George H. Kline of the New York department.

Intense interest was taken in the final feature of the Monday morning sessions consisting of a talk by R. B. Baillie, motor vehicle registrar of Manitoba. Two appendages of the Manitoba financial responsibility law—unsatisfied judgment fund and impoundment of cars—may be strongly espoused in the U. S. as means of narrowing to the vanishing point the number of those injured in auto accidents that are unable to recover their monetary due and Mr. Baillie gave a persuasive presentation of these features and their good results. His talk is reported more extensively elsewhere.

The luncheon had to be transferred to a dining room larger than the one originally reserved because the crowd expanded to more than 500. The speaker was U. S. Senator Dirksen of Illinois. He was introduced by W. R. Arrington, vice-president of Combined, and chairman of the Illinois house judiciary committee. Commissioners present included Sullivan of Kansas, N.A. I.C. president; Graves of Arkansas, Leggett of Missouri, Stone of Nebraska, Navarre of Michigan and deputies were on hand from Florida, Louisiana, Maryland, Ohio, and Tennessee.

John Roane of Baltimore, president of National Assn. of Independent Adjusters, was recognized.

First speaker of the afternoon session

was Commissioner Sullivan of Kansas.

Then Shelby Cullom Davis, insurance investment security man of New York, gave an investment talk for insurance portfolio managers that was well received.

The insurance and investment exposure of insurance companies are as closely interrelated as Siamese twins and should be viewed together, Mr. Davis stated.

How much investment exposure can be assured, how much of surplus can be invested in common stock depends squarely upon insurance exposure, ratio of earned premiums to policyholders' surplus and average profitability of underwriting, he declared. A ratio of 5 to 1 (earned premiums to policyholders' surplus) probably represents the maximum safety ratio and can be approached only by companies whose underwriting has been consistently profitable. No fluctuating assets, such as common stocks, should be held under these conditions.

On the other hand he regarded a 2 to 1 ratio as generally safe and that 25-50% of policyholders' surplus could be invested in stocks. Under hypothetical catastrophic underwriting conditions which jumped the combined loss—expense ratio 20-25 points in one year and with a stock market collapse of 50%, policyholders' surplus would be reduced between 32½% and 45%. While such a reduction would be serious, Mr. Davis pointed out that such a double barreled calamity seldom occurred; even if it did the company's solvency would not be questioned.

The incentive for a more liberal investment policy lies in the greatest spread (after taxes) in our history between high grade stocks and government bonds, a ratio of 4 to 1 in favor of stocks. The greatest income available from "blue chip" stocks today enables an insurance company to receive net after taxes twice as much yield as from government bonds and with the balance write down the cost of the stocks by 33% over a 10 year period. This assumes current dividend rates will be maintained which Mr. Davis thought likely inasmuch as the 100 companies constituting the "prime property of the U. S. A." which his firm follows closely, are now covering their dividends 193% by earnings.

Although bonds will remain the bulwark of insurance company portfolios, he ventured the opinion that "in this age—not just a time—inflation it will be stocks whose dividends can be adjusted upwards as the price level advances which will provide the greatest ultimate safety for your insurance investment dollars."

As for bonds he thought short term governments were now more attractive than long terms and that tax exempt bonds were better still. After taxes it is possible on A-rated bonds, such as

New York City, to increase yield by 72-82% compared with medium and long term government obligations. There is nothing sacrosanct about government bonds, now that they have been allowed to break par he declared. Rises in corporate tax rates make them less valuable whereas the opposite is true for tax exempts—each boost of the tax rate enhances their worth and usually their market price.

Baxter M. Porter, vice-president of American Fire & Casualty, gave a discussion of fire insurance operations by a casualty company, and finally Franklin B. Bills, professor of marketing at Northwestern, gave a talk "Assuring the Sure in the Insurance Sale."

Warns of Socialized Insurance

A. L. Kirkpatrick, manager of the insurance department of the U. S. Chamber of Commerce, warned in his address that the government for years has been advancing a socialistic insurance program under the guise of necessity "created by recurring crises."

He urged his audience to acquaint themselves with New Deal purposes, adding that the administration has given evidence that it is ready to go down the line for socialization of insurance. "I do not know," he added, "of any point where it can be reasonably expected to halt this policy."

Commenting that socialization is progressing at an alarming rate, Mr. Kirkpatrick said that that may be a surprise to many insurance executives who are handling about all the business their facilities will permit. He cited the insurance activities of several government organizations, mentioning the Commodity Credit Corp., whose loan agreement with farmers provides that in the event the commodity stored on a farm is destroyed by fire the CCC will cancel its loan; the Economic Cooperation Administration, which has a similar technique in marine insurance shipments under ECA loans; the activities of the government defense purchases on a cost-plus basis, under which the government reimburses contractors for specified insurance costs according to a predetermined formula, and the proposed war disaster act of 1951 which would, if carried out, provide the government with uniform record and classification of the value and ownership of all real and personal property in the U. S.

The government is also engaging in certain lines that are already handled by the companies such as Federal Crop Insurance Corp., Marine & Aviation War Risk, and the proposed flood insurance program. Mr. Kirkpatrick mentioned also that the international labor organization has a socialization program for insurance that embodies the cradle to the grave idea and includes workmen's compensation, accident and health and life insurance.



G. Frank Lord, Great Barrington; Robert G. Dowling, Hyannis; Daniel M. Walsh, Jr., Springfield; Frederick J. England, Cambridge; J. Theodore Burke, Boston; Arthur B. Fair, Natick, and Leo R. Mongeau, Lowell, at Massachusetts agents' meeting in Boston.

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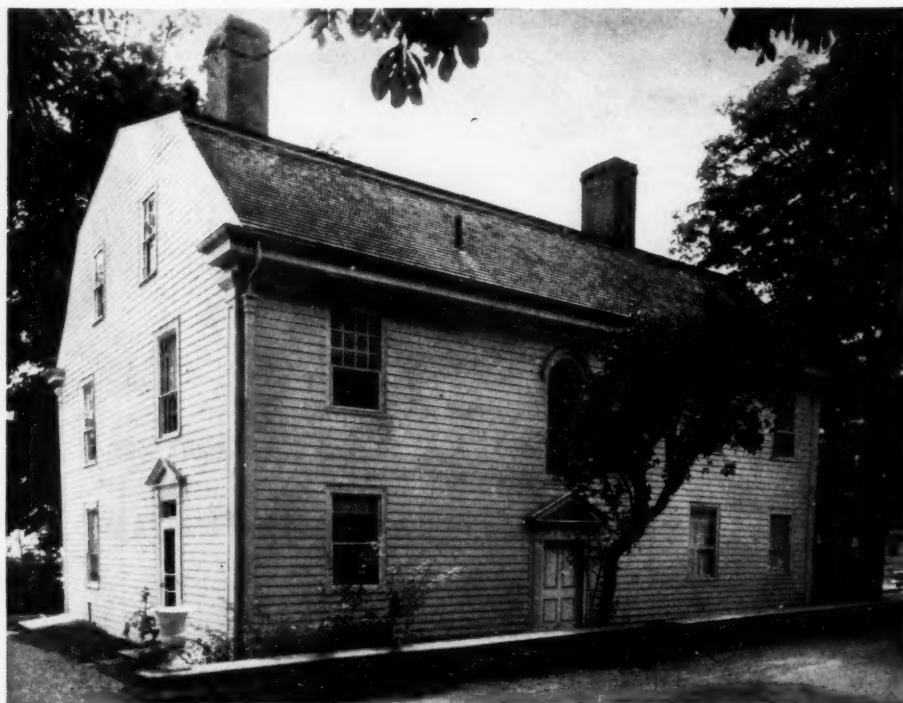
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SIR WILLIAM PEPPERRELL

First American Baronet



From the windows of his mansion at Kittery Point, William Pepperrell, richest man in Maine, could see his ships departing and arriving from the West Indies and Europe. The house, built by his father in 1682, was "one of the most magnificent provincial residences"; through the hall, it was said, a cart and oxen could be driven. Smaller than in Pepperrell's day, his birthplace is now privately owned.

Besides being a merchant and shipbuilder, Pepperrell took an active part in politics and was an officer in the militia. Although he had no legal training, the governor appointed him chief justice of the colony when the incumbent was removed for political reasons. Reversing the usual order, after his appointment Pepperrell set about studying law.



*Sir William Pepperrell
at the battle of Louisburg*

His chief exploit was commanding an expedition in 1745 against the Canadian stronghold Louisburg, one of France's important fortifications. In recognition of his efforts in bringing the siege to a successful conclusion, George II made him a baronet, an honor never before conferred on any native American. He was also the first American to be a general in the British royal army and for a few months served as acting governor of Massachusetts which at that time included Maine and New Hampshire.

Sir William was proud of his success and cut a fine figure as he rode about in his coach attended by footmen and outriders, but his overwhelming ambition to have his name perpetuated failed of fulfilment. Of his four children, Andrew, the only son to reach maturity, was engaged to Hannah Waldo but postponed the marriage date several times presumably because of ill health. When the wedding day finally arrived, in the presence of the assembled guests, the bride called off the ceremony because of

the mortification she had been caused. The grief-stricken Andrew died shortly thereafter.

After Sir William's death in 1759 the property passed to his daughter's son William Sparhawk on condition that he take the name Pepperrell. As he was a Loyalist he fled to England when the Revolution broke out.

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